

DEPARTMENT OF DEFENSE

# **END-TO-END FINANCE AND PROCUREMENT JOINT CONCEPT of OPERATIONS (Joint CONOPS)**

FAMILY OF DEFENSE SYSTEMS:

DFAS CORPORATE DATABASE (DCD)  
DEFENSE PROCUREMENT PAYMENT SYSTEM (DPPS)  
STANDARD PROCUREMENT SYSTEM (SPS)  
WIDE AREA WORKFLOW (WAWF)  
DEFENSE STANDARD DISBURSING SYSTEM (DSDS)  
AND OTHER SUPPORTING INITIATIVES



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(DRAFT)

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DEFENSE FINANCE AND ACCOUNTING SERVICE  
HEADQUARTERS

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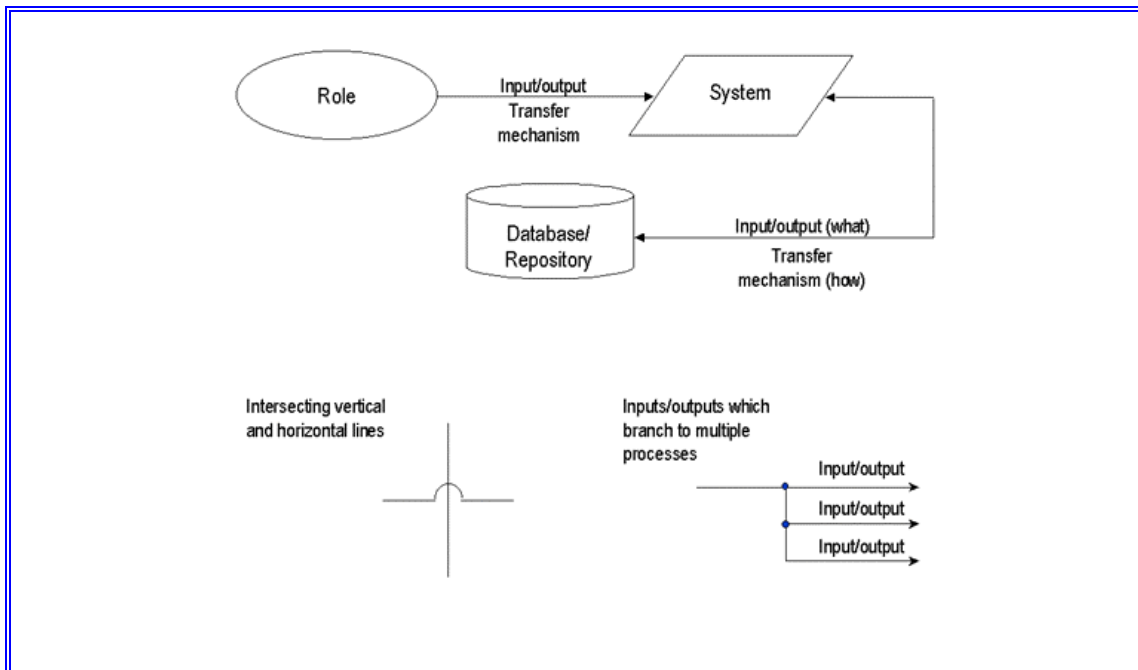
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## 1 Purpose

The Department of Defense (DoD) End to End Finance and Procurement Joint Concept of Operations will provide a clear understanding of how the DoD procurement and contract/vendor pay functions will be performed in the target-automated environment. It is understood that these functions will be a result of the implementation and use of the Standard Procurement System (SPS), DFAS Corporate Database (DCD), DFAS Corporate Warehouse (DCW), and Defense Procurement Payment System (DPPS). In addition, this document will address interfaces and process necessary to support an interim operating environment based on existing legacy/interim and migratory procurement and other Service specific systems.

## 2 Executive Summary

The DoD End-to-End Procurement process is described for the target automated environment. A process model of this proposed end-to-end procurement process can be found via the following link to <http://www.dcmc.hq.dla.mil/centers/paperless/e2e/index.htm>. This procurement process has been decomposed into sub-processes (for example, Requirements Development and Contract Closeout) to simplify descriptions. A combination of process diagrams and



*Figure 1. Conventions used in the process charts*

explanatory text is used to describe process flows for various phases of the procurement and contract/vendor pay functions. Conventions used in these diagrams are depicted in Figure 1. Electronic Data Interchange (EDI) standards ([Appendix D](#)) referenced within

the text are a hyperlink ([underlined and shown in blue](#)) to User Defined Format (UDF) files for further detail, if desired.

For the purpose of this document, Persons or Organizational entities (nodes) performing a role in the procurement process are defined in Figure 2, with definitions of acronyms used for these nodes and provides a brief description of the role responsibilities.

**Figure 2. Nodal Roles Used in Process Diagrams.**

<b>Role</b>	<b>Responsible for...</b>
Accounting Office (AO)	Day-to-day financial operations
Awardee/payee	Providing specific goods and services per a procurement instrument
Configuration Control Board (CCB)	Reviewing, coordinating and approving change proposals
Contract Administration Office (CAO)	Managing contract administration functions
Contracting Office (CO)	Acquiring goods and services
Defense Contract Audit Agency (DCAA)	Auditing contractor costs and systems
Defense Security Cooperation Agency (DSCA)	Administration of Defense Security Cooperation programs
Disbursing Office (DO)	Disbursing funds
End-user	Establishing the requirement for a good or service
Evaluation team	The evaluation of proposals
Financial Manager (FM)	Ensuring availability and proper use of funds
Industry	Providing goods and services
Industry/other interested parties	Obtaining information about DoD procurements
Offeror	Proposing to provide a required good or service
Oversight authorities	Providing guidance in procurement activities (e.g., Service secretariat, OSD, Service HQs)
Payment Office (PO)	Determining entitlement
Public Affairs	The dissemination of official government information to Congress and to the press
Receiving activity (RA)	The receipt and/or acceptance of goods and services
Related Gov't agencies	Administration of government programs (e.g., SBA, DOL, Commerce, GSA)
Requiring Office (RO)	Defining and funding a business need for goods and services
Review/approving officials	Authorizing a given action (e.g., Counsel (including patent counsel), SADB, OSD, Service secretariat, PEO, Service HQs, Congress, DOL (EEO), SBA, RO)
Service/agency Comptroller	Receiving and distributing authorized funds
Service HQs	Providing guidance in procurement activities and authorizing a given action

Note: In accordance with 5 CFR 1315, a Vendor means any person, organization, or business concern engaged in a profession, trade, or business and any not-for-profit entity operating as a vendor (including State and local governments and foreign entities and foreign governments, but excluding Federal entities).

The Business Rules that are part of the overall document discussion are contained in [Appendix A](#).

### 3 Background

DoD is adopting business practices that have been successfully used by industry in their efforts to become a more flexible global competitor. These commercial business practices offer opportunities for significant savings through improved acquisition management and the adoption of a Paperless Contracting business model. Combined

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with ongoing process improvements and technology, these commercial business practices will contribute to the DoD's modernization needs.

Electronic Commerce (EC), Electronic Document Management and Access (EDM/EDA), Government Purchase Cards (IMPAC), Shared Data, and related technologies such as the Internet and the World Wide Web (www), are available to support a Paperless Contracting business model. These technologies will allow DoD to reduce the amount of paper received, processed, and stored in places such as Services' procurement offices, the Departments' contract administration offices, and DFAS contractor payment operations.

### 3.1 DFAS Corporate Database (DCD)

The DFAS 1998 Strategic Plan, the DFAS Accounting Systems Strategic Plan, the DFAS Accounting Program Management Study (APMS) Technical Report<sup>1</sup>, and the Departmental Accounting and Cash Accountability Study Final Report for DFAS<sup>2</sup> focus on departmental reporting, cash management and pre-validation issues. The DCD was implemented to provide resolution to these issues and additionally provide the capability for a Central Contractor Registration (CCR) system, identified as an issue by each of the above reports. The DCD contains all shared financial data for DoD and facilitates the sharing of data among systems and functions; among applications; and among users within and outside DFAS. Additionally, each of these plans/studies identified and focused on the need for across-the-board standard data values and meanings as well as consistent edits.

The DCD environment will provide a high degree of data integrity, with the application of strict editing of input data against tables of concise valid values and ranges; by validating all accesses (human and application) through use of digital signatures and key data to prevent malicious use; and by protecting the database from hardware and software failures that may corrupt data. The DCD will ensure that data is readily available and accessible from all applicable DoD applications regardless of location. The DCD will provide an audit trail of all data back to its original sources. Additional information can be found under the Joint/DoD Migratory Systems at <http://dfas4dod.dfas.mil/fmsystems/>.

Figure 3 provides an overview of the two principle areas of the DCD. The DCD Core Area also referred to as the Standard Operating Area and the Non Standard Operating Area (NSOA). The NSOA is primarily used in the overall architecture to provide a staging area for transactions from the Defense Electronic Business Exchange (DEBX), direct FTP, and manual entry transactions. In addition all Application Program Interfaces (API's) with the Defense Procurement Payment Systems (DPPS) are supported through the NSOA. The NSOA is shared with the Non Standard Area (NSA), which facilitates file transfer from and to Legacy Accounting Systems.

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<sup>1</sup> (dated September 30, 1996 and prepared jointly by Electronic Data Systems and Coopers & Lybrand)

<sup>2</sup> (dated July 1996, prepared by Arthur Anderson)

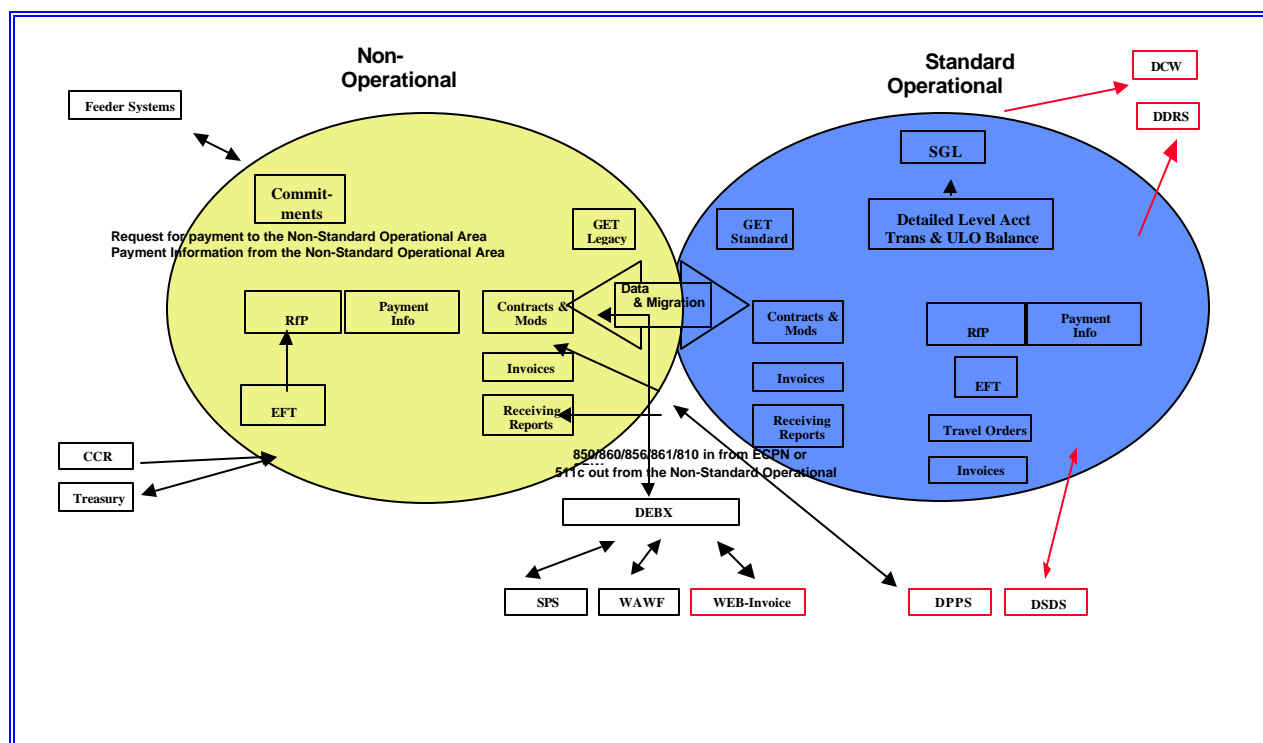


Figure 3. DCII Architecture

All transactional data is stored in the DCD Standard Area. However, because transactional data received by the DCD is not always standard (legacy system data, for example), it is first validated by the NSOA. If it is standard data, it is passed on to the Standard Area. If it is not standard, then the NSOA either: 1) converts it to standard data through “crosswalk” tables, or 2) maintains the data as non-standard.

### 3.2 DFAS Corporate Warehouse (DCW)

DFAS will implement a shared data warehouse, identified as the DFAS Corporate Warehouse (DCW), to provide a central repository of uniform data for shared access to support the DoD network. The DCW concept separates data from applications for information sharing and access. Data will pass from the DCD to the DCW, where it can be passed to other systems or accessed to support specific activities and individuals. Data contained in the DCW will be optimized for on-line analytical processing (OLAP) through a relational information access architecture. The DCW will serve as a historical archive for DFAS standard departmental reports and will be in compliance with the National Archives Record Agency (NARA) requirements. The DFAS Corporate Database (DCD) will receive data feeds from all of the services. The feeder data will be validated and transformed into a common Standard General Ledger (SGL) format. All transactional and summary level data will be migrated to the DCW on an “as needed” basis for standard reporting and trend analysis, as well as archived for historical reporting data. Data will be retained based upon existing requirements. Most queries will be against the DCW with some exceptions. Those exceptions would be requirements for data on a real time basis. Additional information can be found under the Joint/DoD Migratory Systems at <http://dfas4dod.dfas.mil/fmsystems/>.

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### 3.3 Defense Procurement Pay System (DPPS)

The Defense Procurement Pay System (DPPS) is the standard system used for calculating contract and vendor payments and other agreement/miscellaneous entitlements. It is the first system in development that will be the standard for compliance with DCII requirements. It will be fully compliant with the Budget and Accounting Classification Codes (BACC) definition of the Line Of Accounting (LOA), utilizing the edits and business rules defined Appendix A and discussed throughout this document. Through various Application Program Interfaces (API's), all relational detailed transaction data related to the entitlement process will be constantly maintained within the DCD and DPPS. Synchronization between the two systems is maintained by requiring all input and output data to flow through the DCD for validation and edit procedures. Additional information can be found under the Joint/DoD Migratory Systems at <http://dfas4dod.dfas.mil/fmsystems/>.

### 3.4 Standard Procurement System (SPS)

The Standard Procurement System (SPS) is the target procurement system, currently in deployment throughout DoD, which will modernize and integrate the functionality of approximately 76 varied DoD procurement systems and additional manual processes. It represents the merger of the two procurement functions encompassed in the contract placement (award) and contract administration processes. SPS has a standard contract writing module that will provide full acquisition support and interface via standard EDI transactions with the DCD. Additional information can be found at <http://www.sps.hq.dla.mil/>.

### 3.5 Wide Area Work Flow Receipt and Acceptance (WAWF-RA)

WAWF-RA is a system that will allow vendors and receiving activities to submit invoices and receiving reports (DD250s) electronically to DoD and have them routed through a workflow system for inspection, acceptance, receiving, and payment. Additional information can be found at <http://www.dcmc.hq.dla.mil/centers/paperless/wawf/index.htm>.

### 3.6 Defense Standard Disbursing System (DSDS)

The Defense Standard Disbursing System (DSDS) will be the single standard DFAS automated information system (AIS) for collecting, processing, recording, and reporting disbursement data and transactions. It will be the standard system for processing all DoD disbursement and collection transactions. It will interact with Entitlement, Accounting, and Treasury Reporting systems through the DCD to provide disbursing capability for all DoD agencies and departments. Additional information can be found under the Joint/DoD Migratory Systems at <http://dfas4dod.dfas.mil/fmsystems/>.



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## **4 Present Environment**

Presently there are many systems supporting the acquisition and contract/vendor payment functions of the DoD. The majority of these various procurement, payment and accounting systems are standalone and do not share common business rules, standard edits, or shared data; nor do they manage information from a DoD corporate perspective. They require mechanical intervention to satisfy all interface needs.

The current exchange and sharing of data is accomplished through hard copy information, faxing forms and data, MILSCAP acceptance, e-mailing forms and data, periodic file transfers and mailing via surface transportation. There are many problems resulting from these processes including multiple inputs of the same data, multiple instances of the same data, multiple unique system interfaces to be maintained, long delays in receiving data, mismatched information, multiple manual reconciliation's, and invalid audit trails.

In another words, today a requirements/purchase request is manually prepared and is provided to logistics. Logistics makes a determination as to whether it will be purchased through the logistics supply system or through the acquisition process. If it is determined to be through the logistics process, data will be entered at a minimum into MILSCAP, the entitlement system, commitment and/or the accounting system at different times and by different people. The acquisition process will require an additional entry into the local procurement system.

## **5 Interim Environment**

For the purpose of this document, the interim environment also refers to the present business environment. In addition, the interim environment also incorporates those target processes that are available today, (e.g. EDI transactions used for Contract/Vendor Pay).

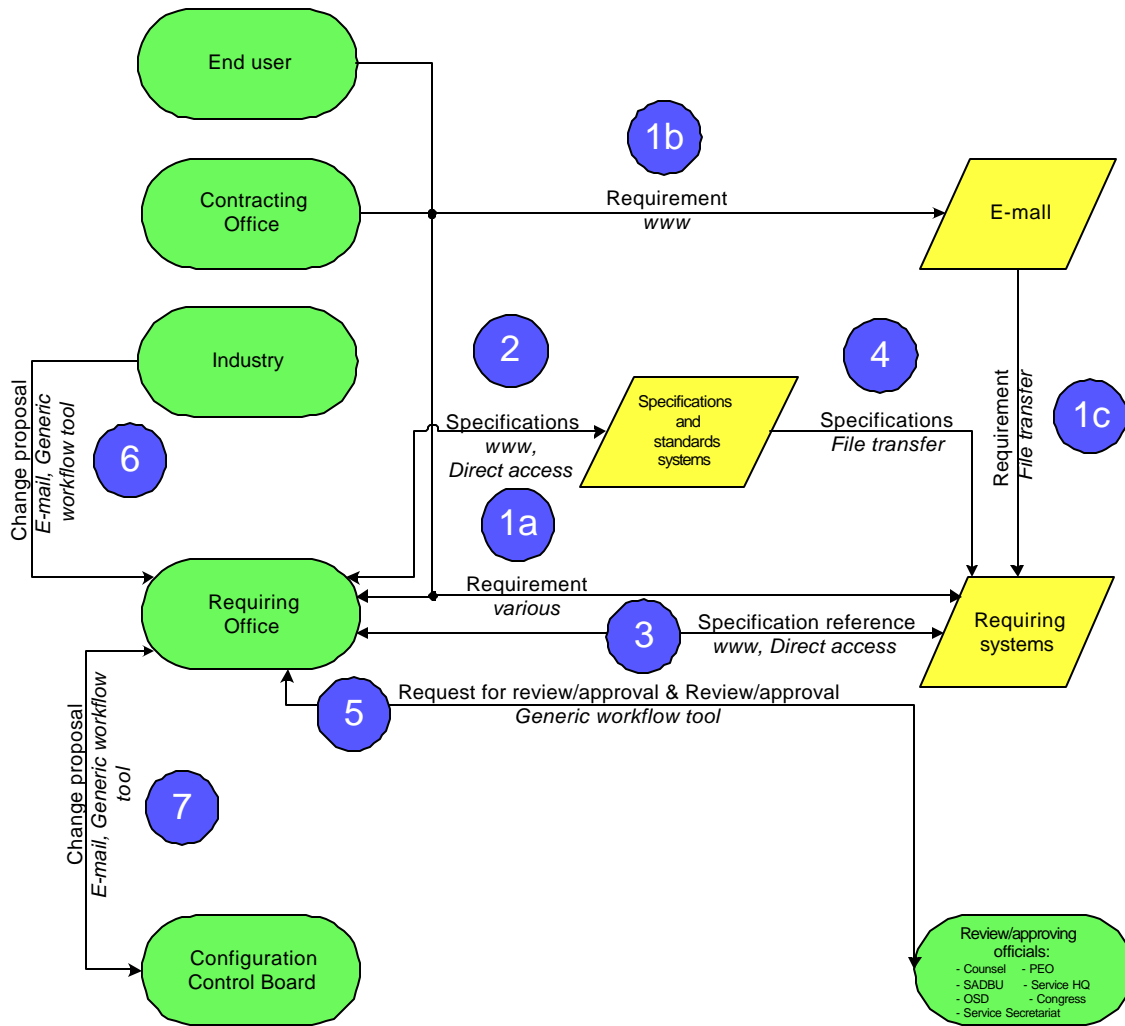
## **6 Target Environment**

The target environment calls for SPS, DCD, DPPS, DSDS, WAWF and other corporate systems and databases, to seamlessly share data with each other. Data will be entered in only one of these systems or databases, and is then either passed automatically to any other system or database that requires the same information; or it will be available for on-demand retrieval. This will avoid duplicate entry and storage in multiple legacy and interim migratory systems. This will support the Federal Financial Management Requirements (FFMR), which mandates to maintain an audit trail from beginning to end of every transaction.

Accordingly, a principal implementation effort will be developing new interfaces between these systems and databases. But, there will also need to be some new development activity to reflect recommended changes in processes, policies, or business rules which represent new information and data exchange relationships between users

and the target systems and databases as outlined herein. The implementation and use of the capabilities discussed herein will contribute significantly to eliminating the deficiencies noted above by enforcing standard rules and edits across all systems and will enhance data integrity by eliminating numerous validation tables currently in use.

**Figure 4. Requirements Development**



## 6.1 Requirements Development

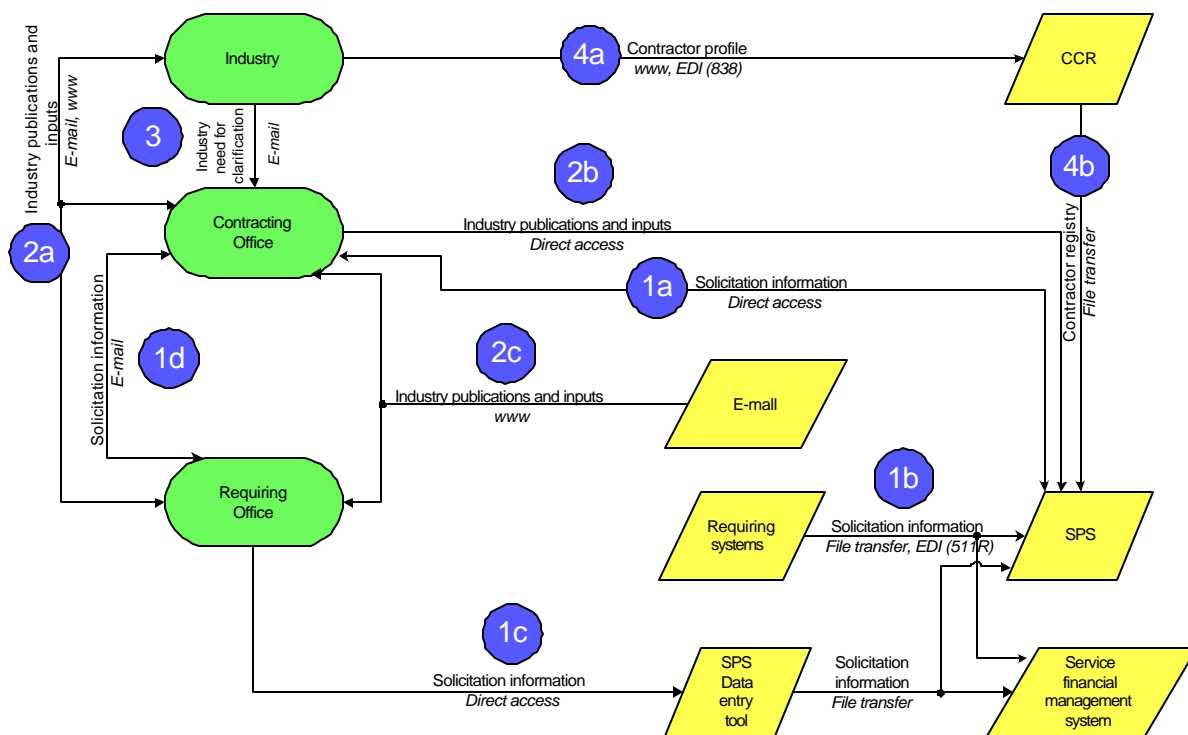
The Requirements Development process is the process of describing the business need, the identification of what is needed, how many are needed, and how and when it needs to be delivered. In the current and interim phase, the process of requirements, solicitation, funds distribution, synopsis and release, proposal process and proposal evaluation will be handled as it is done today. The process for the target environment is described below:

- 1) The end-user identifies a requirement and forwards it via various means to the requiring office (RO) or requiring systems; or the End-user posts the requirement via

www to the E-mail and the E-mail file transfers the requirement to the requiring systems.

- 2) The RO develops or assesses /accesses the specifications provides in the specifications and standards systems via www and direct access.
- 3) The RO identifies/accesses specification reference via www or direct access to the requiring systems.
- 4) The specifications and standards systems file transfer specifications to requiring systems.
- 5) Requests for reviews/approvals and reviews/approvals are processed between the RO and review/approving officials via a generic workflow tool.
- 6) Industry submits a change proposal to the RO via e-mail or generic workflow tool
  - a) In some cases, these changes entail not only the data on the contract, but lower tier-design and technical documentation.
  - b) In this process, industry will submit a price proposal for the intended change after the intended change is provided to the contractor either in conjunction with a request for price proposal, or in conjunction with a undefinitized contract modification, rather than with the initial industry submission, as in the case of an industry initiated change proposal.
- 7) The requesting office (RO) and Configuration Control Board process the change proposal via e-mail or generic workflow tool.

**Figure 5. Solicitation/Amendment Development**



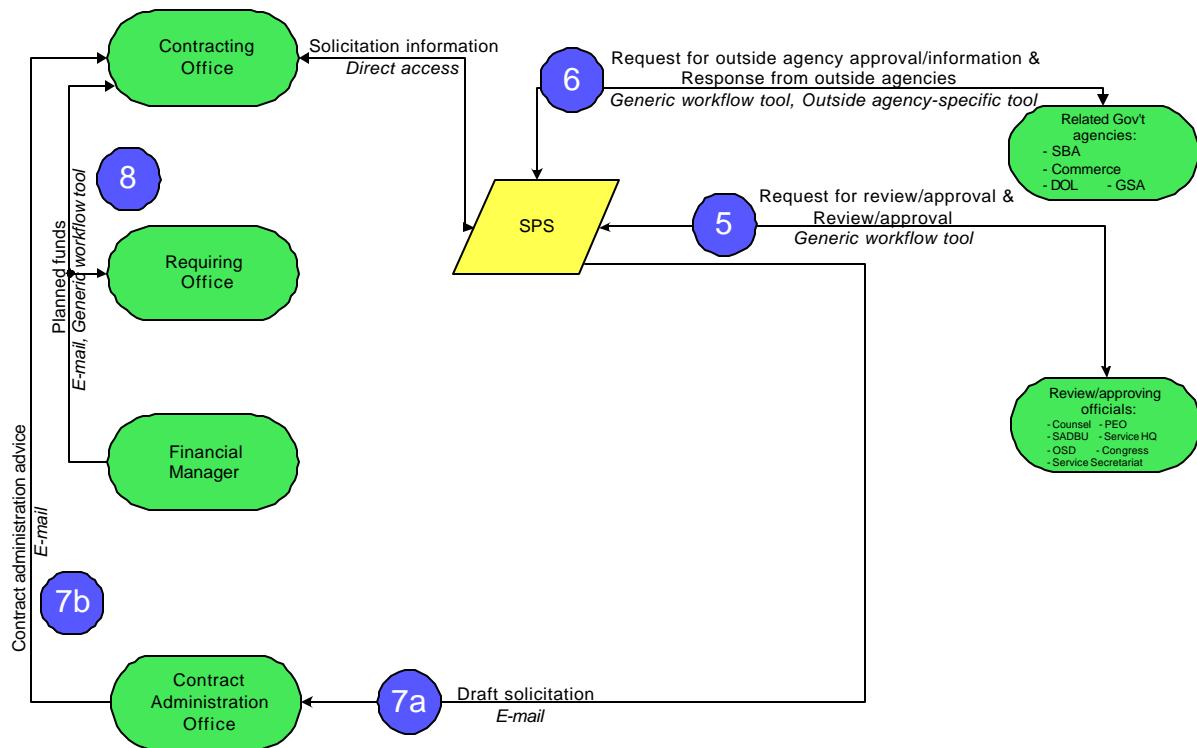
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## 6.2 Solicitation/Amendment Development

The Solicitation/Amendment Development is the process of describing and or specifying the goods and services needed and the selection method to industry. The process is described below:

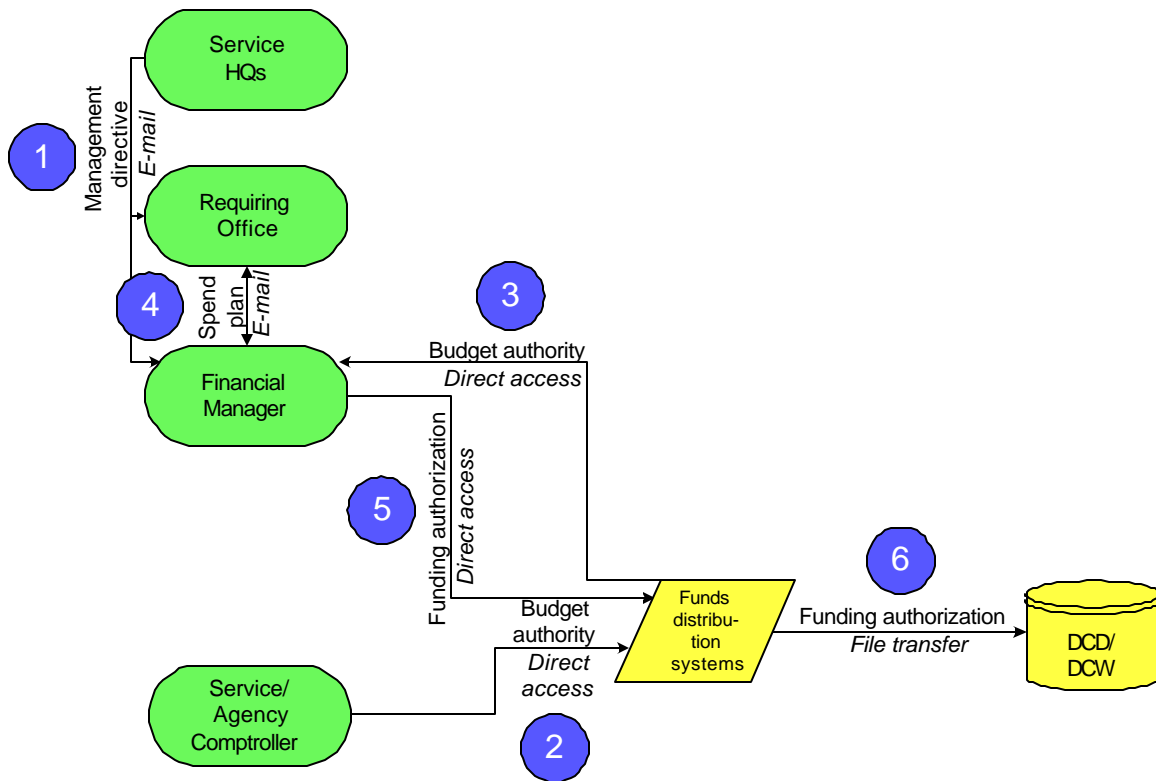
- 1) Solicitation information is loaded into SPS in a variety of ways:
  - a) The contracting office (CO) directly accesses SPS to input solicitation information
  - b) The Requiring systems file transfer or use an [EDI 814C](#) to populate solicitation information/purchase request information via the EDI interface in SPS for access by the CO and to the Service financial management systems to kick-off a request for commitment.
  - c) The contracting office (RO) directly accesses such SPS data entry tools as EPG or Aquiline, to input solicitation information/purchase request information;
  - d) The RO and the CO jointly develop solicitation information/purchase request information via e-mail and the CO directly accesses SPS to input solicitation information/purchase request data.
- 2) Industry, the CO and the RO share industry publications and inputs via e-mail or www; the CO enters industry publications and inputs into SPS via direct access or the CO and the RO access industry publications and inputs from the E-mail via www.
- 3) Industry publications can include such things as specifications, drawings, design document, technical documentation, publications, etc.
  - a) These publications can be provided via traditional mail, email, and the www, etc.
  - b) Industry routes an industry need for clarification to the CO via e-mail.
- 4) Industry routes a contractor profile via www or [EDI \(838\)](#) to Central Contractor Registration (CCR);
  - a) CCR file transfers the contractor registry to SPS.

**Figure 6. Solicitation/Amendment Development cont'd**



- 5) In the target environment, requests for reviews/approvals and reviews/approvals between the contracting office (CO) and review/approving officials will be processed within SPS or via a generic workflow tool.
- 6) Requests for outside agency approvals/information and responses from outside agencies between the CO and related government agencies will be processed from SPS via a generic workflow tool, email or an outside agency specific tool.
- 7) SPS will export the draft solicitation to be picked up by the contract administration office (CAO) via e-mail. The CAO will provide contract administration advice back to the CO via e-mail.
- 8) The requiring office (RO) and/or the Financial Manager (FM) will identify planned funds for the solicitation and the FM will forward planned funds to the DFAS Corporate Database (DCD) via e-mail, electronic file transfer or generic workflow tool. The DCD sends commitment of funds to SPS via 814C.

**Figure 7. Funds Distribution**

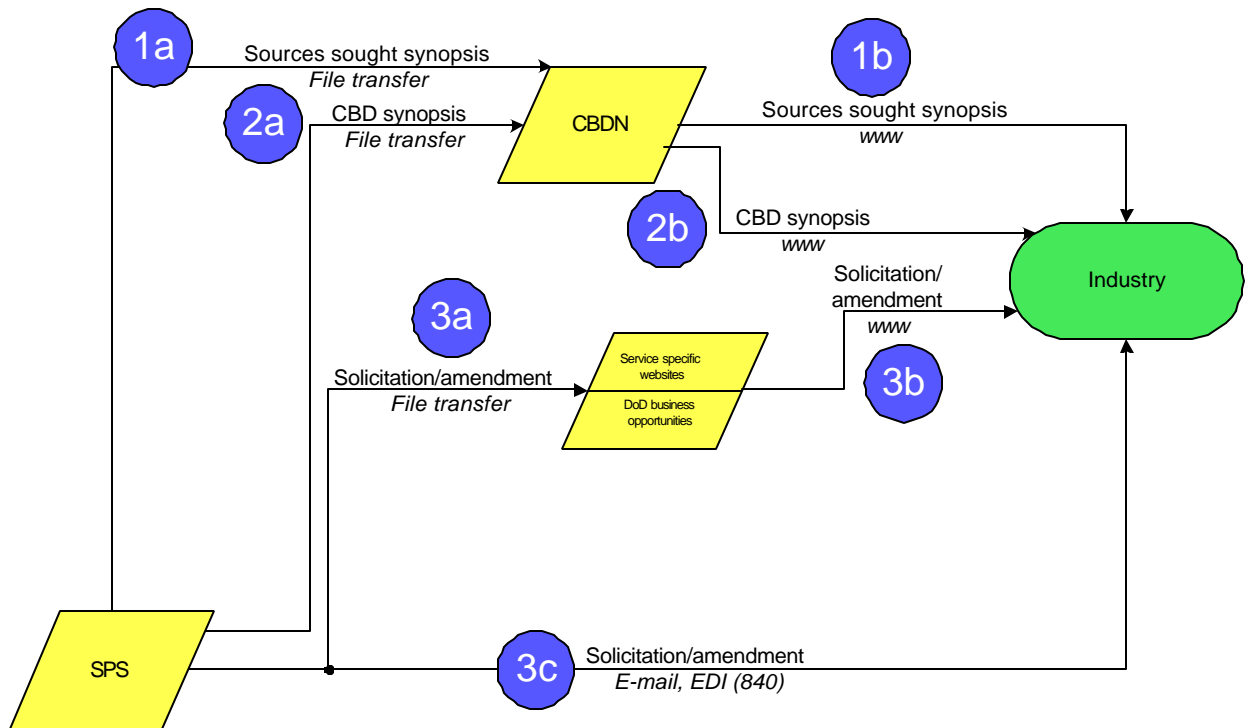


### 6.3 Funds Distribution

Funds distribution is the authorization to fulfill a requirement and provide budget authority. The process is described below.

- 1) The Service e-mails the management directive to the Financial Manager (FM) and to the Requiring Office (RO) to authorize fulfilment of requirement, provide budgets and establish reporting requirement.
- 2) The Service/agency comptroller directly accesses the Funds distribution systems to load budget authority.
- 3) The FM directly accesses the Funds distribution systems to access budget authority.
- 4) The RO and the FM jointly develop a spend plan for the budget via e-mail.
- 5) The FM directly accesses the Funds distribution systems to create funding authorization in accordance with the budget authority and spend plan.
- 6) The Funds distribution system file transfers the uncommitted/un-obligated obligation authority or the allotment of appropriated authority to DCD/DCW to establish available funds and accounts. This will facilitate transactions to be traced and related to specific contract line items, even if the commitment/obligation of funds is at other than the purchase requisition level.

**Figure 8. Synopsis and Release of Solicitation/Amendment**

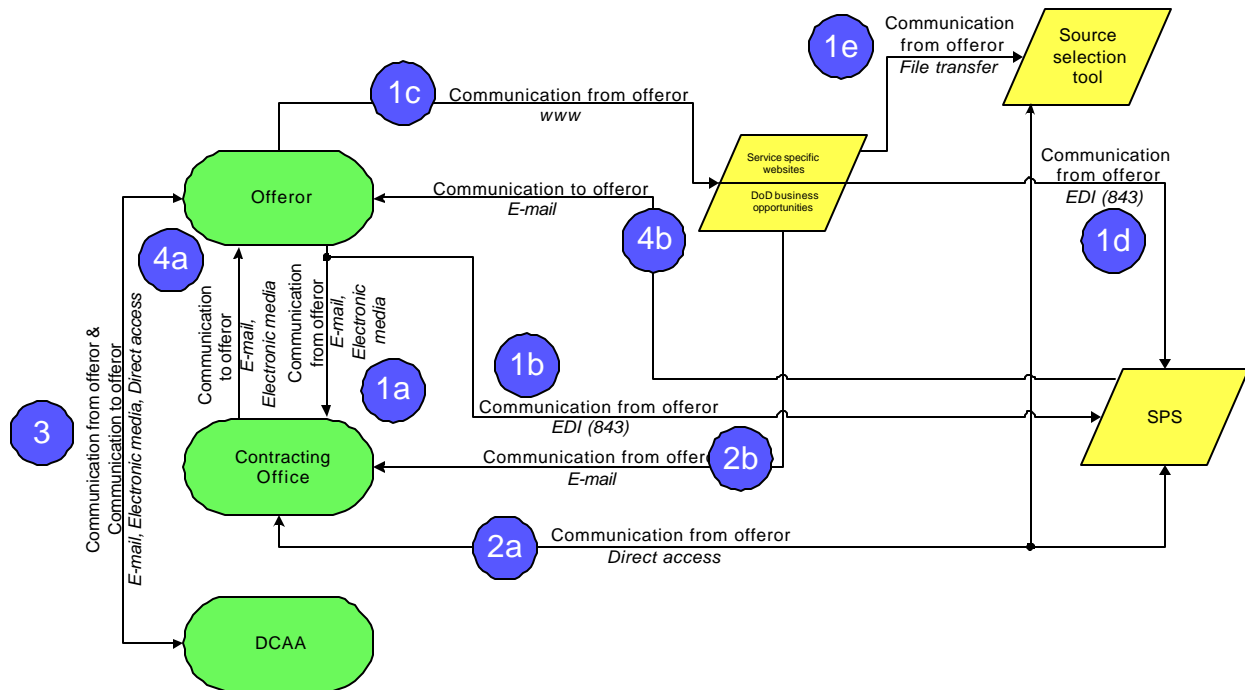


#### 6.4 Synopsis and Release of Solicitation/Amendment

The Synopsis and Release of Solicitation/Amendment process is described below.

- 1) SPS prepares a file for transfer of the the sources sought synopsis to Commerce Business Daily Network (CBDN); Industry accesses via [www](#).
- 2) The file is transferred to the CBD synopsis to CBDN; Industry accesses via [www](#).
- 3) The file is transferred to the solicitation/amendment to Service specific websites/DoD business opportunities; Industry accesses via [www](#) and/or Industry receives the solicitation/amendment directly from SPS via e-mail or [EDI \(840\)](#).

**Figure 9. Proposal Process**



## 6.5 Proposal Process

### Communication to and from the Offeror

- 1) The Offeror routes communication to the contracting office (CO) via e-mail, electronic media; or directly to SPS via [EDI \(843\)](#), or
  - a) The Offeror routes communication to Service specific websites/DoD business opportunities via www and the communication is then routed to SPS via [EDI \(843\)](#), then
  - b) The Service specific websites/DoD business opportunities file transfer the communication from offeror to the automated procurement tool.
- 2) The CO inputs/retrieves communication from the Offeror by directly accessing SPS and/or the automated procurement tool
  - a) Receives the communication from Offeror via email or from Service specific websites/DoD business opportunities
- 3) DCAA and the Offeror communicate (both to and from) via e-mail, electronic media or direct access
- 4) The CO routes communication to Offeror to the Offeror via e-mail, electronic media; or directly from SPS via e-mail.

## 6.6 Vendor Profile

The official vendor profile information ([EDI \(838\)](#)), includes tax identification number (TIN), company name and address, and EFT/check remittance information. Other originating sources of address data include DAAS (DODAAC/Buying Activity), GOALS



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(Treasury Agency Location Code), and DoD Payroll Systems (SSN for Civilian/Military Service Member Reimbursements). The vendor profile data will be provided via an interface to the Corporate EFT tables (CEFT) which will reside in the DCD. There will be the capability to have direct input to the CEFT, but only the vendor can access the CCR. Applicable address information will be provided via API from the DCD to DPPS to meet business requirements.

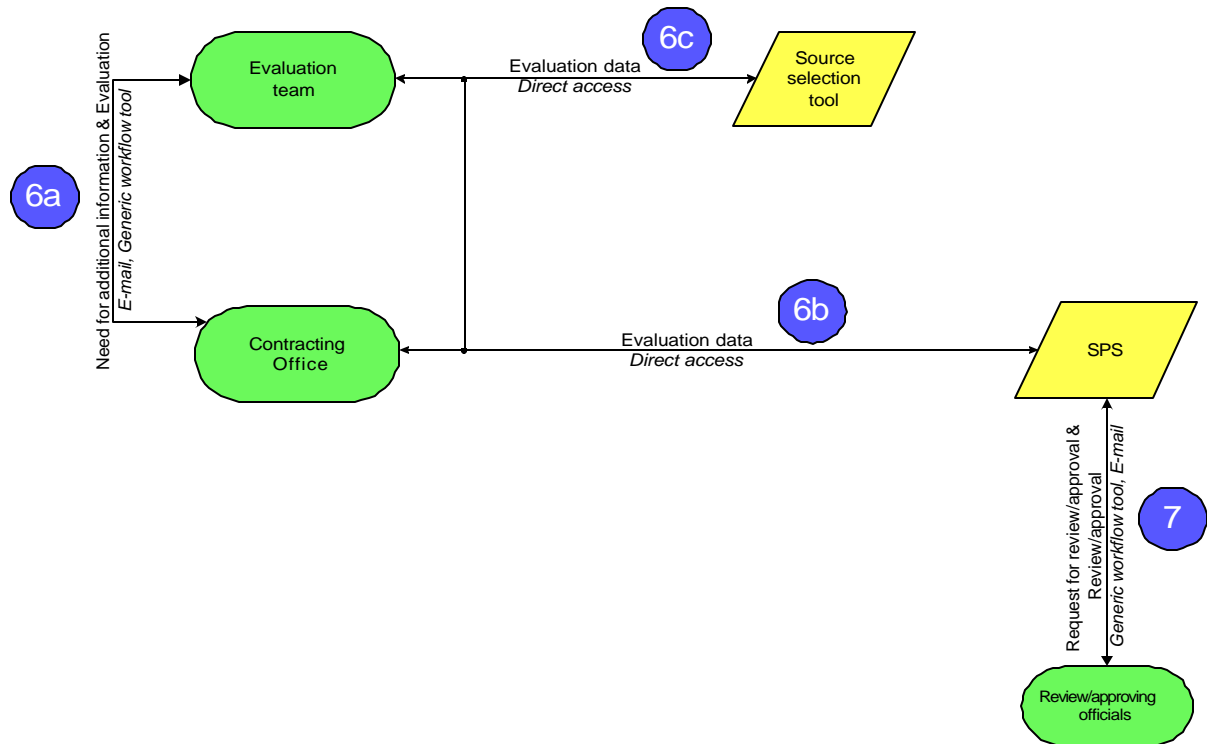
A vendor will register in the Central Contractor Registration (CCR) prior to award of a contract, basic agreement, basic ordering agreement or blanket purchase agreement (BPA) unless exempted in Part 204.7302 of the DFARS. The policy applies to all types of awards, except purchases with commercial purchase cards; foreign vendors for work performed outside of the US and classified contracts. Before registration in the CCR, a vendor will obtain DUNS plus 4 number to identify that they are a legal company. SPS will have the capability to provide the user with an alert that either a vendor is not registered or that the registration is about to expire.

For those vendors that are exempt from registration, SPS will alert the user to provide remittance information to DFAS. Therefore, payments will be made in accordance with the data contained in the CCR/CEFT or by remittance data provided by procurement. In the future, OSD will draft a change to the DFAR to remove the requirement for the remittance address to be replaced by the CAGE code.

Vendors that require help to register, update or remove vendor information are to call DFAS Columbus at 1-800-756-4571.

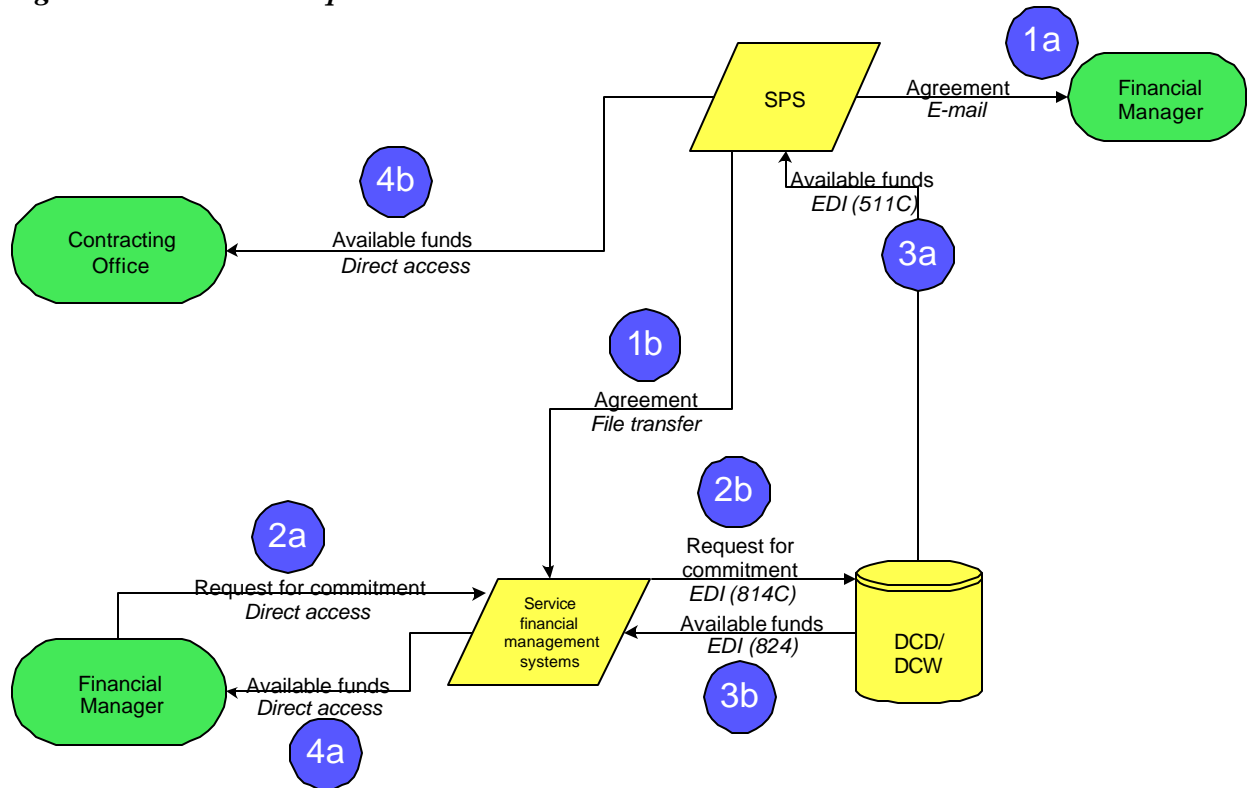


**Figure 11. Proposal Evaluation cont'd**



- 6) The CO and the evaluation team share the need for additional information and the evaluation via e-mail and generic workflow tool; the CO directly accesses SPS to input/retrieve evaluation data; or the CO and the evaluation team access evaluation data directly from the automated procurement tool.
- 7) Requests for reviews/approvals and reviews/approvals between the CO and Review/approving officials are processed from SPS via a generic workflow tool and e-mail.

**Figure 13. Purchase Requisition/Commitment Flow**



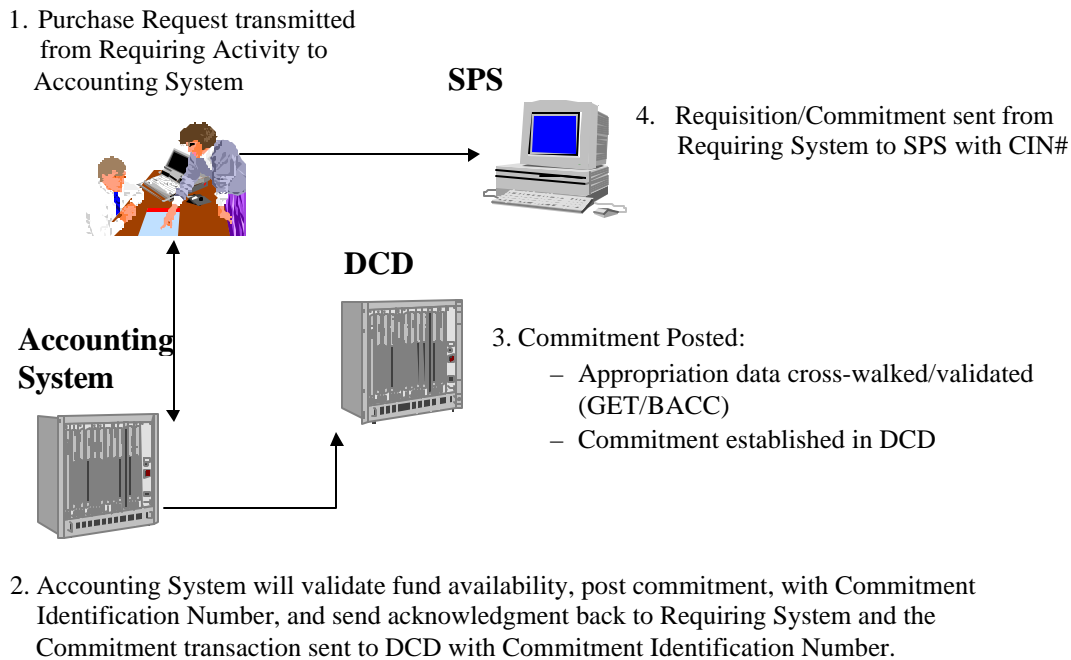
## 6.8 Purchase Requisition/Commitment Flow Target

Purchase Requisition/Commitment process is described below.

- 1) SPS routes the request for funds to the Financial Manager (FM) via e-mail and to Service financial management systems via file transfer.
- 2) The FM creates a request for commitment by directly accessing Service financial management systems; the Service financial management systems route the request for commitment to DCD/DCW via [EDI 814C](#).
- 3) DCD/DCW records available funds and routes to SPS via an [EDI 814C](#) and sends an acknowledgement to the Service financial management systems.
- 4) FM has the ability to directly access the Service financial management systems to obtain status on available funds; the CO directly accesses SPS.

**Figure 14. Purchase Requisition/Commitment Flow Interim**

## **Purchase Request/Commitment Process**



### 6.9 Purchase Requisition/Commitment Flow Interim Environment

#### Business Rules as associated with the Purchase Requisition/Commitment Flow

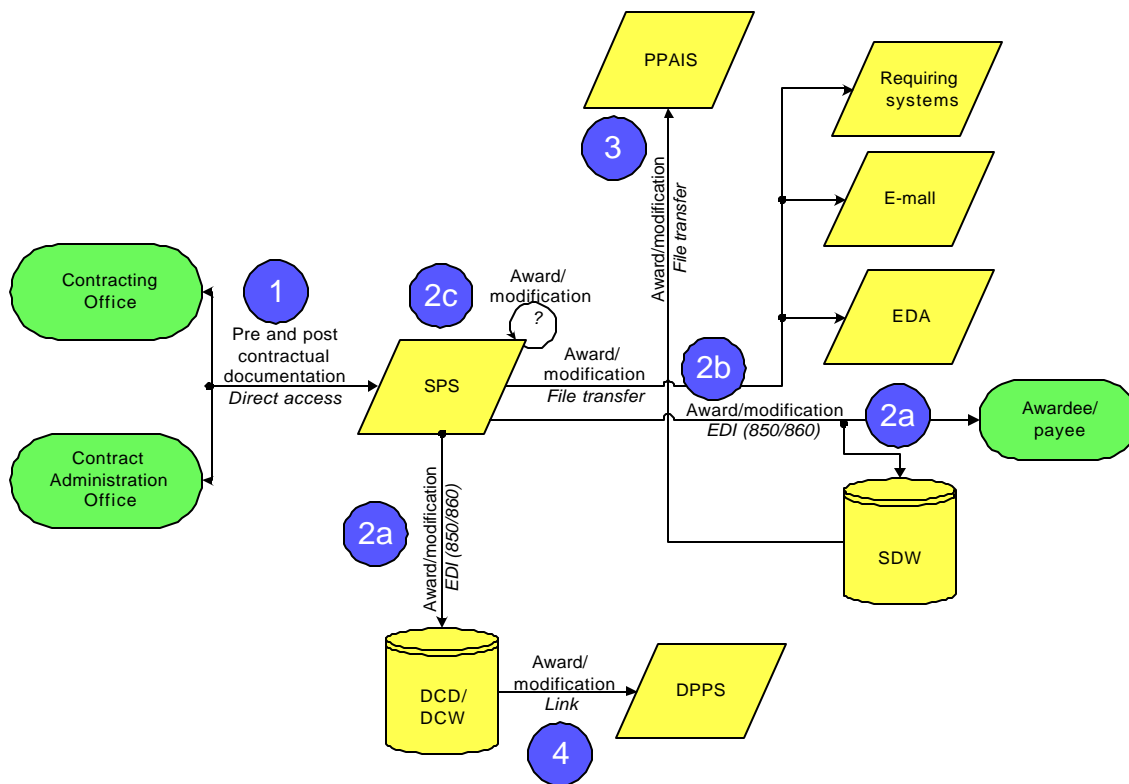
In the interim/current environment, the Purchase Request (PR) will continue to flow from the FMS/Requiring Activity to SPS via paper, propriety interface. SPS will receive funds availability based on that reflected in the PR. A commitment will be recorded in the accounting system prior to recording the obligation. The commitment identification number (CIN) will be a unique number associated with a specific line of accounting (LOA) used to record and track a commitment in the accounting system. It may be transmitted as a single number or as a number plus a suffix not to exceed 30 characters. The commitment can be recorded at the bulk level or individual level.

All associated purchase requisitions (i.e., CIN's) should be reflected on the contract at the CLIN/SLIN level, even if they all relate to the same funding source. The interface formats for Commitments, that are being sent from the accounting systems to DCD are proprietary in nature and have been previously defined. In many cases this file format is in the legacy system file format and is transmitted to the DCD via FTP.

The 814C will be the EDI transaction used to transmit commitment only data from the DCD to the SPS. The commitment transaction is entered directly into or transmitted via FTP from applicable accounting system to the DCD. DCD crosswalks/validates appropriation data and establishes commitment with CIN as primary identifier. An [EDI 814C](#) commitment transaction is sent from DCD to SPS. SPS matches the CIN on commitment transaction to that reflected on the PR received from FMS/Requiring Activity.

Where funds availability does not exist on the PR or are insufficient, SPS will initiate an [EDI 814C](#) transaction and transmit to FMS/Requiring Activity (or DCD), requesting fund availability and referencing the CIN. An [EDI 814C](#) will be initiated in, or flow through, DCD for processing and subsequent transmission to SPS.

**Figure 15. Award/Modification**



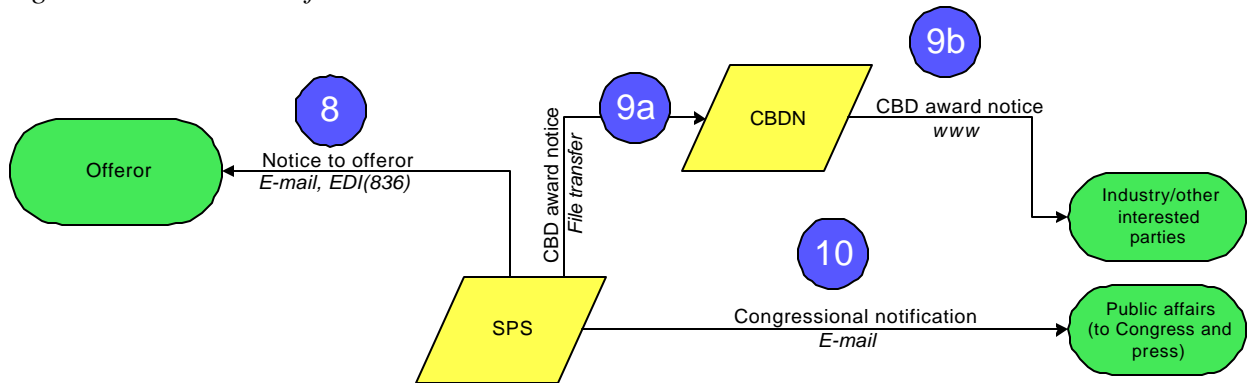
## 6.10 Award/Modification

Award/Modification involves:

- 1) The contracting office (CO) or the contracting administration office (CAO) directly accesses SPS to create award and modification documentation
- 2) SPS routes the award/modification to DEBX for routing to the DCD/DCW, external applications (i.e., PPAIS) and the awardee/payee via [EDI 850/EDI 860](#); file transfers the award/modification.



Figure 17. Award/Modification cont'd



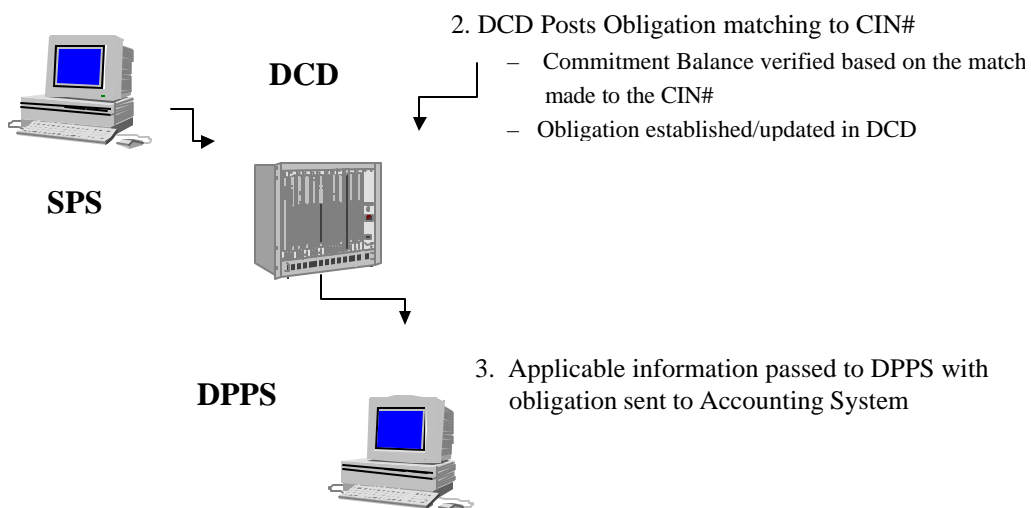
- 8) SPS routes the notice to Offeror to the Offeror via e-mail or EDI 836
- 9) SPS creates a CBD award notice file for transfer to CBDN
- 10) The congressional notification is sent to Public affairs via e-mail.

Figure 18. Contract/Modification Transaction (EDI 850/EDI 860) Obligation Process Interim

## Purchase Contract/Obligation Process

### 1. Contract Issued

SPS, or other Contract Writing System will originate the 850 or 860 EC/EDI (Contract/Contract Modification), Proprietary, or Hard Copy Transaction(s) and sends to DCD with CIN#





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## 6.11 Contract/Obligation Contract Modification/Obligation Modification (EDI 850/EDI 860)

The CIN must be cited on the contract at the CLIN/SLIN (ELIN/SELIN) and ACRN level with the associated obligation amounts and in the [EDI 850](#) and [EDI 860](#). SPS will allow for the receipt, tracking and transmission of a CIN. A contract line item number (CLIN) refers to a CLIN, contract subline item number (SLIN), exhibit line item number (ELIN), and sub-exhibit line item number (SELIN) to include informational contract subline items. There will be a one to one relationship between the CLIN/SLIN/ (ELIN/SELIN) and the ACRN. The CIN must relate to one and only one LOA, however, a single LOA may be associated with multiple CINs.

SPS ensures that the CIN is populated in the [EDI 850](#) transaction at the CLIN/SLIN (ELIN/SELIN) and ACRN (where used) level with associated obligation amounts. SPS sends [EDI 850/EDI 860](#) award/modification transactions to DCD. The transaction is transmitted to the DCD via DEBX to staging tables with the DCD NSOA, or may be input directly into the staging tables. High-level edits are performed and the contract/modification is matched via the CIN to the commitment in the DCD. The transaction is validated and funds control applied. The transaction is also subjected to contractual edits by DPPS.

Upon passing necessary edits, the obligation transaction is established in the DCD, and contract data and is populated in DPPS. These transactions are stored at the PIIN/SPIIN, CLIN/SLIN, and ACRN detail level, and the obligation is transmitted to the applicable accounting system. Upon completion of transaction processing in DCD, the complete EDI transaction received will be moved to DCW for archival and the Staging Table(s) in DCD will be cleared.

Where the [EDI 850](#) transaction fails to pass edits, the [EDI 850](#) transactions will be suspended and an [EDI 824](#) Functional Acknowledgement transaction will be transmitted to SPS via DEBX for subsequent review and corrective action as explained in paragraph 6.12. It should be noted that any [EDI 850](#) transaction received that is associated with lease/rental contracts<sup>3</sup> will be archived in DCW and transmitted to accounts receivable office at DFAS Columbus.

Contract modifications will be transmitted via an [EDI 860](#) transaction from SPS through DEBX to DCD. The transaction will consist of either new/old data (concept of add/delete pairs) or new data only (concept of overlay). Where electronic modifications are not available, they will be input directly into the DCD NSOA staging tables. When a contract modification is received, the DCD will check to see if a valid contract exists. Upon completion of applicable edits/validation, the obligation transaction will be updated in the DCD, and transaction will be passed to DPPS and applicable accounting system.

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<sup>3</sup> (those contracts identified as L type contracts in the 9<sup>th</sup> position of the contract number and are considered an accounts receivable and not accounts payable)

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If a contract modification is received out of sequence, it will be suspended for review at which time it will either be released for processing, or a determination is made to hold until preceding modification(s) is received and processed.

A CLIN/SLIN (ELIN/SELIN) will include information on contract sub-line items for non-severable items, shall relate to one and only one ACRN and LOA. There may be more than one purchase requisition or CIN related to the same ACRN/LOA. But there can never be more than one ACRN/LOA associated with a single CIN. Each CIN will have an associated dollar amount.

The process of executing a legal, binding agreement obligating funds shall not be taken until funds are certified as available, unless otherwise authorized by law. Obligations will be recorded using the basic amount. If the accrued expenditure exceeds the unliquidated obligation (ULO) due to an authorized quantity variance, the DCD will compute and obligate the authorized variance provided that commitment funds are available and report the obligation adjustment to the supporting accounting system.

The EDI 850 procurement transaction at a minimum will contain the issuing, admin, pay, ship-to, Mark 4, inspection, acceptance by organization DODAAC and point of contact (office address, fax number and phone numbers). Obligations shall be recorded in the DCD at CLIN/SLIN (ELIN/SELIN) level and mapped back to the purchase requisition (PR) line item level or the CIN or summarized by the funding source at the PR level as designated by the applicable funds manager.

All contract modifications that adjust price and obligation must cite a specific CLIN. Any lump sum adjustments to price and obligation amounts will be CLIN specific. For example, settlement of claims, consideration adjustments, etc must be allocated at the CLIN level. CLINs cannot have a negative unit price or negative extended value.

All miscellaneous charges (reimbursable to the vendor but formal acceptance may not be required) such as transportation, tax, and warranty charges will have a separate CLIN, ACRN and LOA with an associated dollar amount. Miscellaneous charges, with the exception of transportation, may be grouped into one CLIN, provided charges are funded with the same LOA.

Unit of measure (lot), quantity, unit price and extended price will be captured at the CLIN level. In the event that these CLINS are un-funded or un-priced at time of award, a modification will be processed to include funding and pricing information prior to submission of invoice.

When the contract authorizes reimbursement to the vendor for prepaid transportation, the charges will be identified as a separate line item on the contract. If transportation charges are authorized in the contract and are included in the unit price of the item there is no requirement to separate these charges out.

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The CLIN, currency, unit of measure cannot be changed following performance against a CLIN. Currency means the type of currency, i.e. British pounds versus US dollars. Performance is defined as evidence that goods have been received or services performed. If a change is required prior to performance, a new CLIN citing the original ACRN, LOA, CIN is required and the remaining balance on the original CLIN must be deleted.

Delivery Orders will be treated as individual contracts in the DCD and DPPS. DPPS will submit the payment based on remittance information obtained from the CCR. There are exemptions to registration in the CCR as stated in the DFARS. For exemptions to registration, the information for the remittance data will be provided by procurement in the body of the contract or the 850 transaction. At this time, there will be only one remit to address per contract.<sup>4</sup>

## 6.12 Proposed Suspense Process Interim Environment

### DCD Validation/Correction

A match is made on the CIN cited in contract received to that used to establish commitment in DCD. If the CIN is not found within the [EDI 850](#) transaction or a match on CIN to commitment within the DCD cannot be accomplished, the [EDI 850](#) transaction is suspended. An [EDI 824](#) transaction<sup>5</sup> is transmitted back to SPS or the legacy/interim migratory procurement system citing the error encountered. Research is conducted by the acquisition community to obtain a corrected CIN, or validate that the CIN that was cited on the contract is correct. The corrected CIN, where applicable, will be provided to DCD via an [EDI 860](#) modification.

If it is determined that the CIN cited on contract is correct, the funds administration office and/or accounting office is contacted to initiate research and corrective action, such as direct input or transmission of commitment transaction to DCD. Upon completion of corrective action, the [EDI 850](#) transaction will be recycled within DCD for processing.

This correction process is applicable only to those 850 transactions that are received from the contract writing systems. If there is not an automated contract writing system in place, a hard copy contract will be entered manually into the applicable DCD NSOA staging table. Where the procurement system is not capable of incorporating CIN within the contract, the CIN must be entered directly into the suspended [EDI 850](#) transaction residing in DCD NSOA staging table.

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<sup>4</sup> Per the DFARS, par 52.232.33 a contractor that assigns the proceeds of the contract under the terms of the notice of assignment of claims, the contractor will require as a condition of the assignment that the assignee be registered in the CCR and shall be paid by EFT.

<sup>5</sup> (or email notice where system is non-capable of receiving/processing [EDI 824](#))

The diagram illustrates the generic workflow tool for the award process, showing the flow of information between various entities. The entities are represented by green rounded rectangles, and the processes or systems are represented by yellow parallelograms. The flow is as follows:

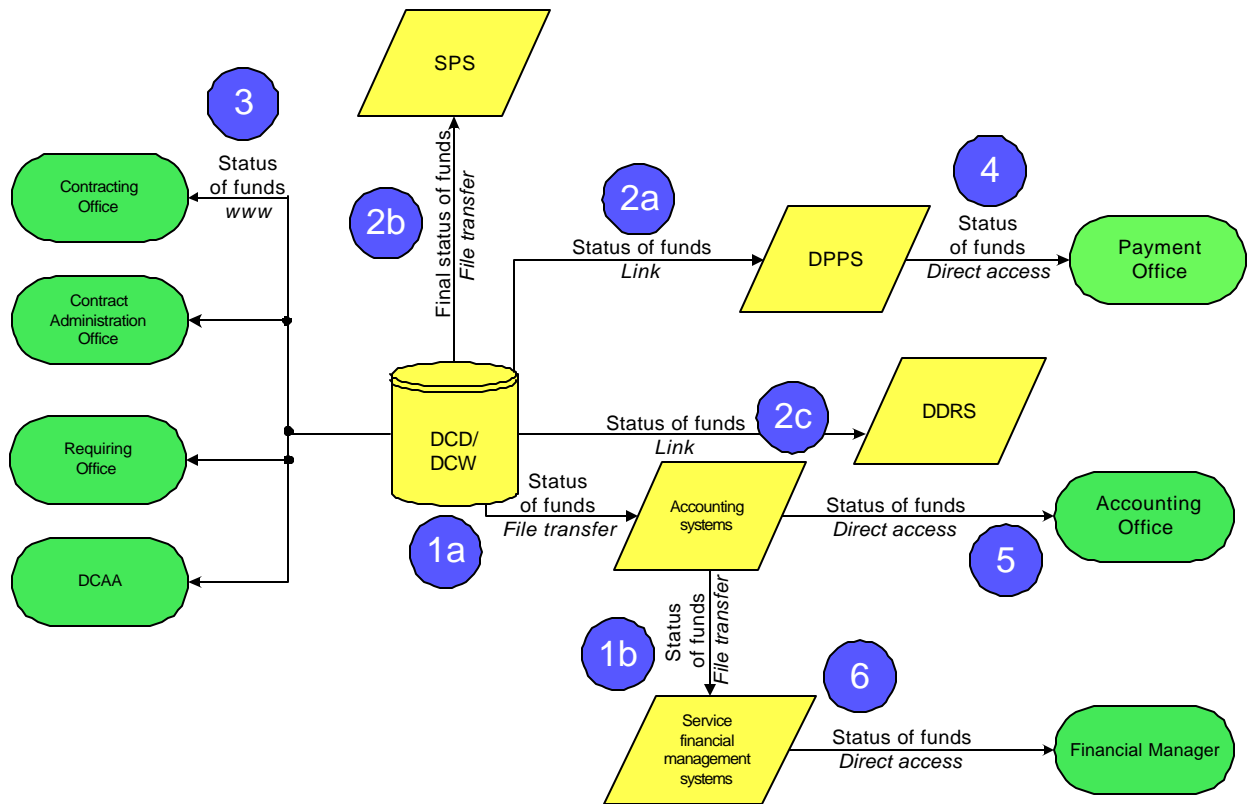
- End user** (green rounded rectangle) sends **Quality data** (labeled **4a**) via **Direct access** to **Quality reporting systems** (yellow parallelogram).
- Quality reporting systems** send **Quality data** (labeled **4b**) via **File transfer** to **PPAIS** (yellow parallelogram).
- PPAIS** sends a **Performance report card** (labeled **5**) via **www** to **Awardee/payee** (green rounded rectangle).
- Awardee/payee** sends **Communication to awardee** (labeled **2**) via **E-mail** to **Contracting Office** (green rounded rectangle).
- Contracting Office** sends **Communication from awardee** (labeled **1b**) via **Direct access** to **SPS** (yellow parallelogram).
- Contract Administration Office** (green rounded rectangle) sends **Communication from awardee** (labeled **1b**) via **Direct access** to **SPS**.
- Requiring Office** (green rounded rectangle) sends **Communication to awardee** (labeled **3**) via **E-mail** to **Contracting Office**.
- DCAA** (green rounded rectangle) sends **Communication to awardee** (labeled **1a**) via **Direct access** to **Contracting Office**.
- Contracting Office** sends **Communication to awardee** (labeled **3**) via **E-mail** to **Contract Administration Office**.
- Contract Administration Office** sends **Communication to awardee** (labeled **3**) via **E-mail** to **Requiring Office**.
- Requiring Office** sends **Communication to awardee** (labeled **3**) via **E-mail** to **DCAA**.

Contract Performance Monitoring involves:

- 1) The awardee/payee, CO, CAO, RO and DCAA share communication from awardee and communication to awardee via direct access, e-mail, electronic media and generic workflow tool; the CO or CAO directly access SPS to input communication from awardee
- 2) The CO and CAO route communication to awardee to the awardee/payee via e-mail
- 3) DCAA routes an audit report to the CO and CAO via e-mail
- 4) The end user directly accesses Quality reporting systems to input quality data; the Quality reporting systems file transfer quality data to PPAIS
- 5) The RO, CO and awardee/payee develop performance report card in PPAIS via www.

3/28/01

**Figure 20. Funds Monitoring**



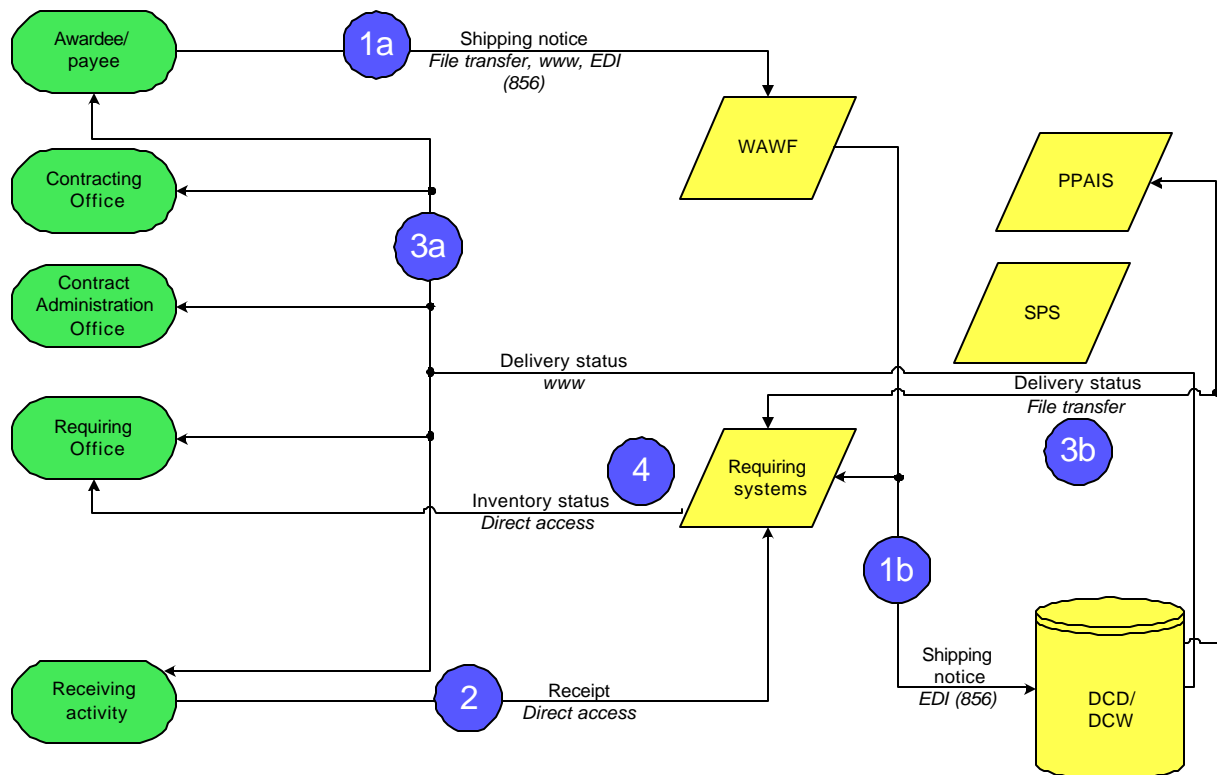
## 6.14 Funds Monitoring

Funds Monitoring involves:

- 1) DCD/DCW creates and file transfers a status of funds to Accounting systems; Accounting systems then file transfer status of funds to Service financial management systems
  - a) Status of Funds is a term used to denote the flow of commitments from accounting systems to the DCD and the flow of obligations, accruals, expenditures, claims receivable, etc from the DCD to accounting systems.
  - b) Online view of contract line item status will be available (e.g., commitment, commitment available for obligation, obligations, undelivered orders, accounts payable, disbursements, etc.)
- 2) DPPS links to DCD/DCW to access status of funds; DCD/DCW file transfers final status of funds via 567 transaction to SPS (for contract closeout); and DDRS links to DCD/DCW to access status of funds (for financial reporting)
- 3) DCAA, RO, CAO, and CO retrieve status of funds from DCD/DCW via www
- 4) The Payment Office directly accesses DCD/DCW to access status of funds
- 5) The Accounting Office directly accesses the Accounting systems to access status of funds

- 6) The FM directly accesses Service financial management systems to access status of fund
  - a) In addition, the FM will have direct access to the DCD/DCW where applicable to view status of funds as it relates to obligations in DCD/DPPS, as this is the official accounting status for those transactions

**Figure 21. Shipping Notice/Receiving Reports (EDI 856/EDI 861) Accrual Process**



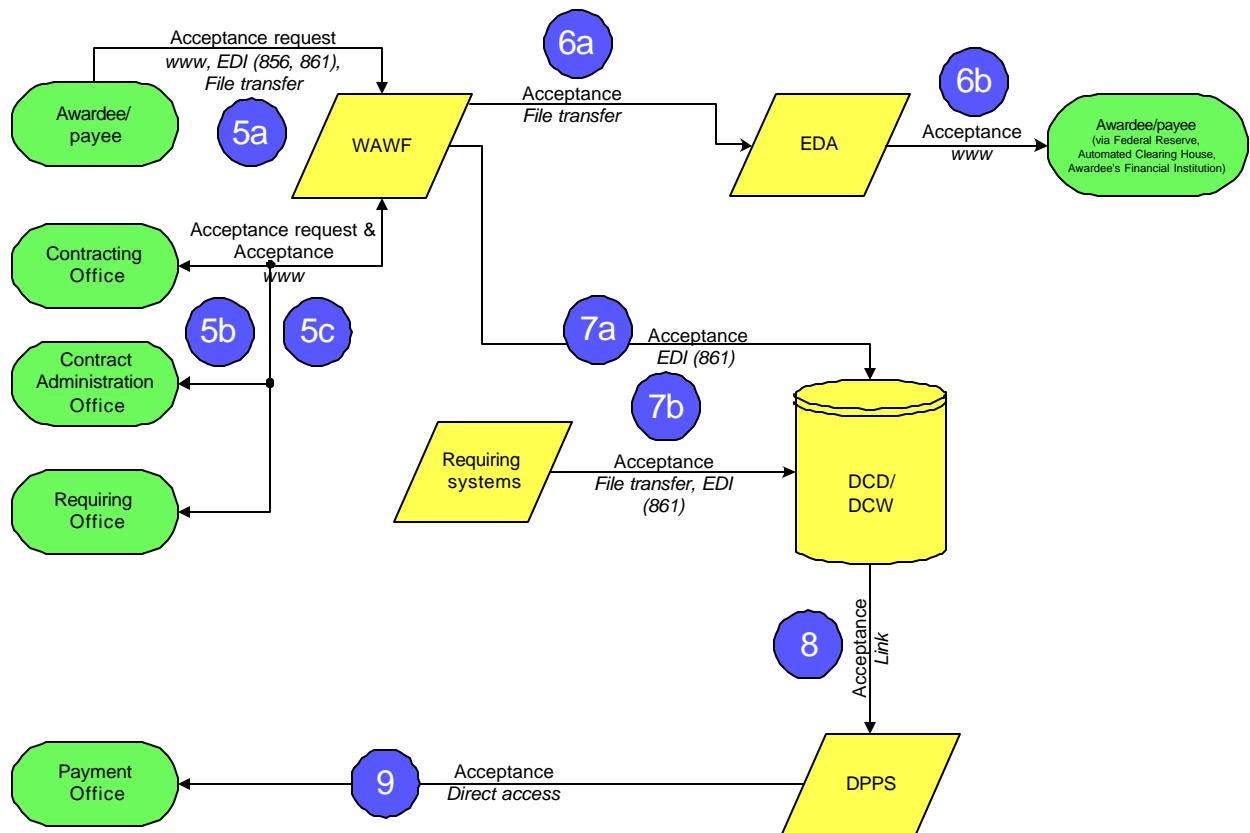
## 6.15 Shipping Notice/Receiving Reports (EDI 856/EDI 861) Accrual Process

Shipping through Acceptance involves:

- 1) The awardee/payee routes a shipping notice to the WAWF via file transfer, www, [EDI 856](#); the WAWF routes the shipping notice to DCD/DCW and the Requiring Systems via [EDI 856](#)
- 2) The receiving activity directly accesses Requiring systems to input receipt
- 3) The receiving activity, RO, CO, CAO, and the awardee/payee retrieve delivery status, which is created in DCD/DCW, via www; DCD/DCW file transfers delivery status to Requiring systems and PPAIS
- 4) The RO directly accesses the Requiring systems to obtain inventory status (a subset of delivery status).
- 5) The awardee/payee submits an acceptance request via www, [EDI 856](#), [EDI 861](#), or file transfer to WAWF; the CO, CAO and/or RO retrieve the acceptance request from WAWF via www and route the acceptance back to WAWF via www

- 6) WAWF file transfers acceptance to EDA; the awardee/payee retrieves acceptance from EDA via www

**Figure 22. Shipping Notice/Receiving Reports (EDI 856/EDI 861) cont'd**



- 7) WAWF routes the acceptance to DCD/DCW via an [EDI 861](#) or the Requiring Systems route the acceptance to DCD/DCW via file transfer and [EDI 861](#)
- 8) DPPS links to DCD/DCW to access acceptance
- 9) The Payment Office directly accesses DPPS to retrieve acceptance.

If the shipment number is required per a clause on the contract, the Defense Procurement Payment System (DPPS) will include the functionality to make it a mandatory field on the [EDI 810C](#) invoice.

An acceptance request functioning as an invoice and receiving report accepted by the responsible Government official results in an approved payment request being sent to DFAS; thereby eliminating the need for a separate invoice document to be sent in addition to the acceptance document.

The [EDI 856](#) transaction is transmitted from the awardee/vendor via DEBX, or input to the Wide Area Workflow (WAWF) to be routed through the DEBX, to DCD NSOA

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staging tables, or the transaction may be input directly into the staging tables. Upon notice of delivery status/receipt acceptance, the receiving activity or applicable office transmits the [EDI 861](#) transaction or inputs transaction to WAWF for routing via the DEBX to the DCD where it is subjected to high-level edits prior to being passed to DPPS for additional edits/processing. After passing necessary edits, accrual transaction is established/updated in the DCD.

Receipt is also populated in DPPS and the accrual is transmitted to the applicable accounting system for subsequent update. Both the original and corrected transaction will be archived. For future DCII Releases, an automated process will be established in DCD whereby the separation of CLINs on a receiving report will be accomplished by a procedure in the DCD based on the unit price/quantity and the applicable CLIN/SLIN/ACRN combination will be passed to DPPS for processing.

#### 6.16 Invoice (EDI 810) Transactions

The [EDI 810](#) transactions are transmitted from the awardee/vendor via DEBX, or input to the Wide Area Workflow (WAWF) or Web Invoice System (WINS), to be routed through the DEBX to the DCD NSOA staging tables, or the transaction may be input directly into the staging table. Where invoice requires approval by the CO, CAO, RO and/or DCAA, it is first routed to the applicable party via WAWF. Upon completion of the approval, it is then transmitted to the DCD, where it is subjected to high-level edits <sup>6</sup> prior to being passed to DPPS for additional edits/processing.

Upon passing necessary edits, invoice data is populated in DPPS. Where applicable <sup>7</sup> the accrual and/or work-in-process data is read/transmitted via the established API to the DCD for update or establishment. Upon acceptance of the transaction in DCD, the complete EDI transaction will be moved to the DCW and Staging Table(s) in DCD will be cleared. The accrual will be transmitted from DCD via FTP to the applicable accounting system. If the invoice fails the DCD edits, the invoice will suspend until proper research is completed and a correction is made.

DPPS will validate that the invoice meets the requirements of a proper invoice as defined in 5CFR1315. DPPS will return any invoice that does not meet these requirements with a reason for the return. When invoices are received that bill for a quantity variance that is authorized in the contract, DPPS through the API will request an increase of obligation authority to the DCD when funds are not available.

The DCD will send an [EDI 824](#) transaction to the appropriate funds manager for an increase in obligation authority. Upon receipt of the additional funding, the DCD will transmit via API the increased obligation to DPPS. When the CLIN has established a nominal or estimated dollar amount, but the estimate is insufficient, the procedures identified for quantity variation in the above paragraph will be followed.

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<sup>6</sup> (e.g., mandatory fields, validity match to contract number)

<sup>7</sup> (e.g., Fast Pay/Progress Pay invoices/certified invoices)



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If a line item is not identified on the contract, the invoice will suspend in the DCD. The DCD will transmit a notification to the fund holder who will subsequently initiate a request for modification to the contract. Upon receipt of the [EDI 860](#) modification into DCD from SPS, normal process will be followed. DPPS will validate that the invoice meets the requirements of a proper invoice as defined in 5CFR1315. DPPS will return any invoice that does not meet these requirements with a reason for the return.

An acceptance request functioning as an invoice and receiving report accepted by the responsible Government Official, results in an accepted payment request being sent to DFAS; thereby eliminating the need for a separate invoice document to be sent in addition to the acceptance document.

If it is found that there are multiple SLINS/ACRN's attached to the CLIN in DCD <sup>8</sup>, the invoice transaction will be suspended and a corrected transaction will be manually entered through the DCD NSOA staging table. Both the original and corrected transaction will be archived in the DCW. <sup>9</sup>

The procedures for the recoupment of financing payments will remain the same as currently stated in the applicable FAR/DFAR clauses. The Contracting Officer approved non-FMS financing progress payments will be prorated for firm fixed price items on the contract. All other line items on the contract will require payment instructions from the contracting officer. In absence of payment instructions, pro-ratio will be made across available un-liquidated obligations. The procedures for the recoupment of financing payments will remain the same as currently stated in the applicable FAR/DFAR clauses.

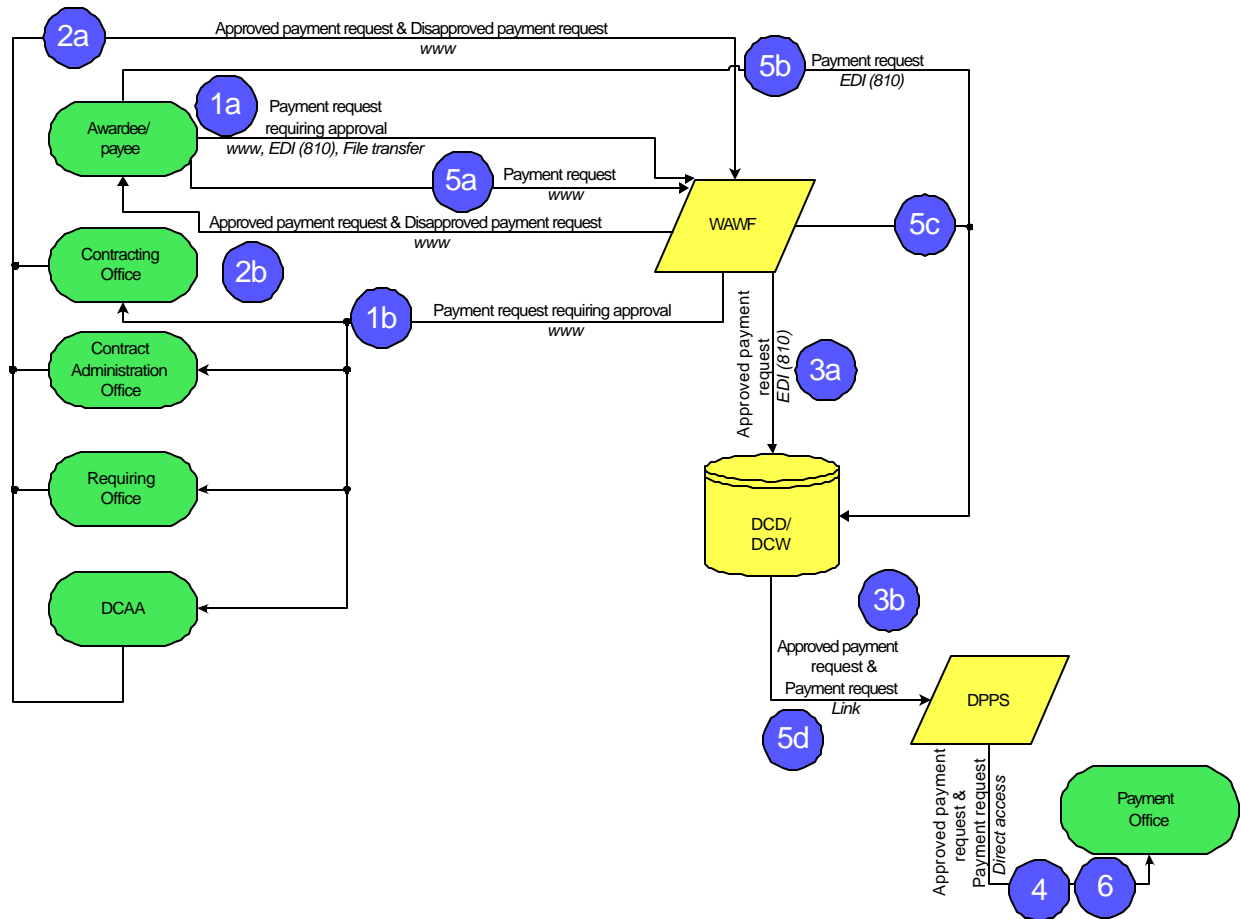
When it is determined that a prompt pay interest is due, the Defense Procurement Payment System (DPPS) will include the functionality for the automatic assignment of prompt payment act reason code at the time of entitlement or allow the reason code to be entered manually at the time of entitlement.

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<sup>8</sup> (i.e., multi-funded non-severable CLINs)

<sup>9</sup> For future DCII Releases, an automated process will be established in DCD whereby the separation of CLINs on an invoice will be accomplished by procedure in DCD based on unit price/quantity and applicable CLIN/SLIN/ACRN combination will be passed to DPPS for processing

**Figure 23. Request for Payment Transaction**



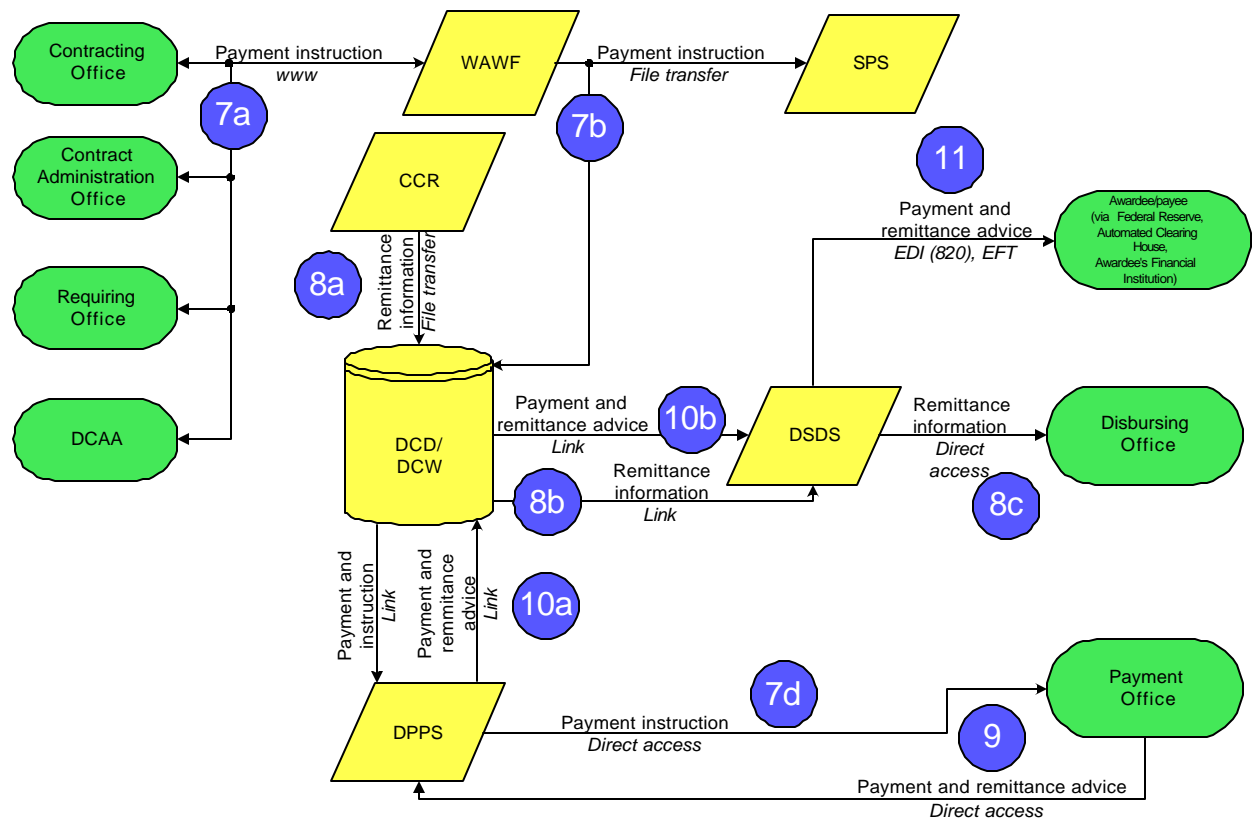
#### 6.17 Request for Payment Transaction (Payment Output File)

The Payment process involves:

- 1) The Awardee/payee submits a payment request requiring approval to WAWF via www, [EDI 810](#), file transfer. The CO, CAO, RO and/or DCAA retrieve the payment request requiring approval from WAWF via www
- 2) The CO, CAO, RO and DCAA route approved/disapproved payment request via www to WAWF; the awardee/payee retrieves the approved/disapproved payment request from WAWF via www
- 3) WAWF routes approved payment request to DCD/DCW via [EDI 810](#); DPPS links to DCD/DCW to access the approved payment request
- 4) The Payment Office directly accesses DPPS to get the approved payment request  
OR

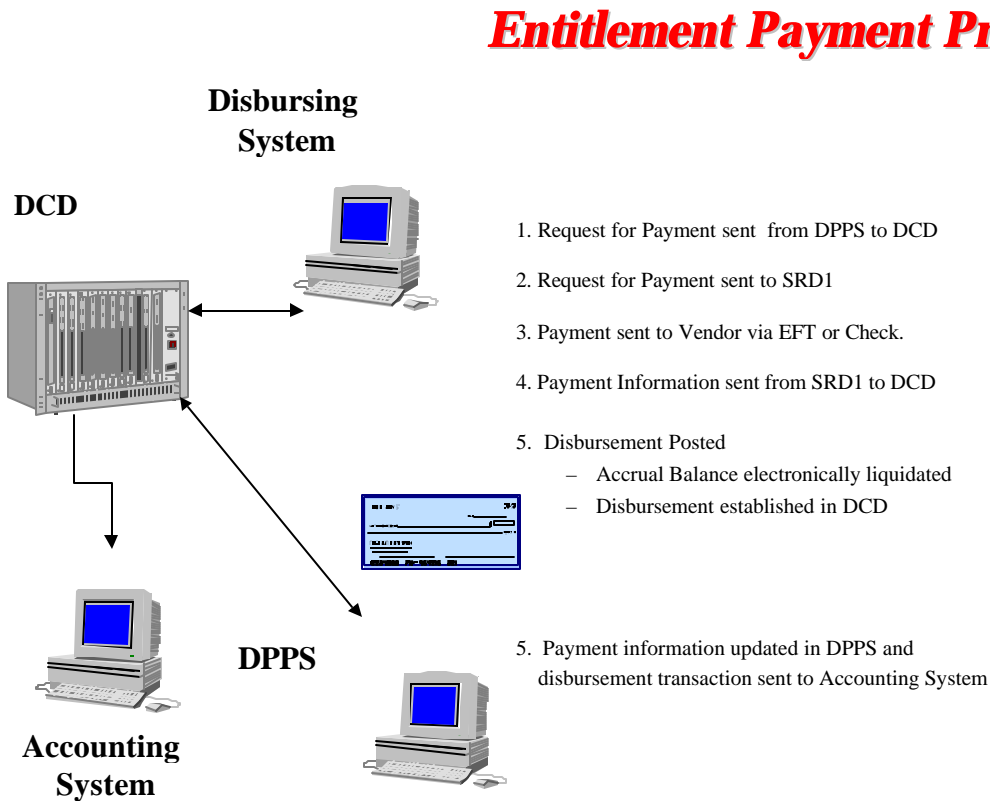
- 5) The awardee/payee routes payment request to WAWF via www; or directly routes the payment request to DCD/DCW via [EDI 810](#); the WAWF routes the payment request via [EDI 810](#) to DCD/DCW; and DPPS links to DCD/DCW to access the payment request
- 6) The Payment Office directly accesses DPPS to get the payment request.

**Figure 24. Request for Payment Transaction**



- 7) The CO, CAO, RO and/or DCAA input/retrieve the payment instruction from WAWF via www; the WAWF file transfers the payment instruction to DCD/DCW and SPS; DPPS links to DCD/DCW to access the payment instruction; and the Payment Office directly accesses DPPS to get the payment instruction
- 8) CCR file transfers remittance information to DCD/DCW; DSDS links to DCD/DCW to access remittance information; and the Disbursing Office directly accesses remittance information in DSDS
- 9) The Payment Office directly accesses DPPS to create payment and remittance advice
- 10) DCD/DCW links to DPPS to access payment and remittance advice; DSDS links to DCD/DCW to access payment and remittance advice
- 11) DSDS then provides payment and remittance advice to the awardee/payee via [EDI 820](#) or EFT.

*Figure 25. Disbursement Process*



Upon entitlement processing by DPPS, to include cash management, the Request for Payment (RfP) will be generated and transmitted via API to the DCD with a scheduled payment date. The DCD will pass the RFP to DSDS, who in turn will disburse funds in accordance with the scheduled payment date.

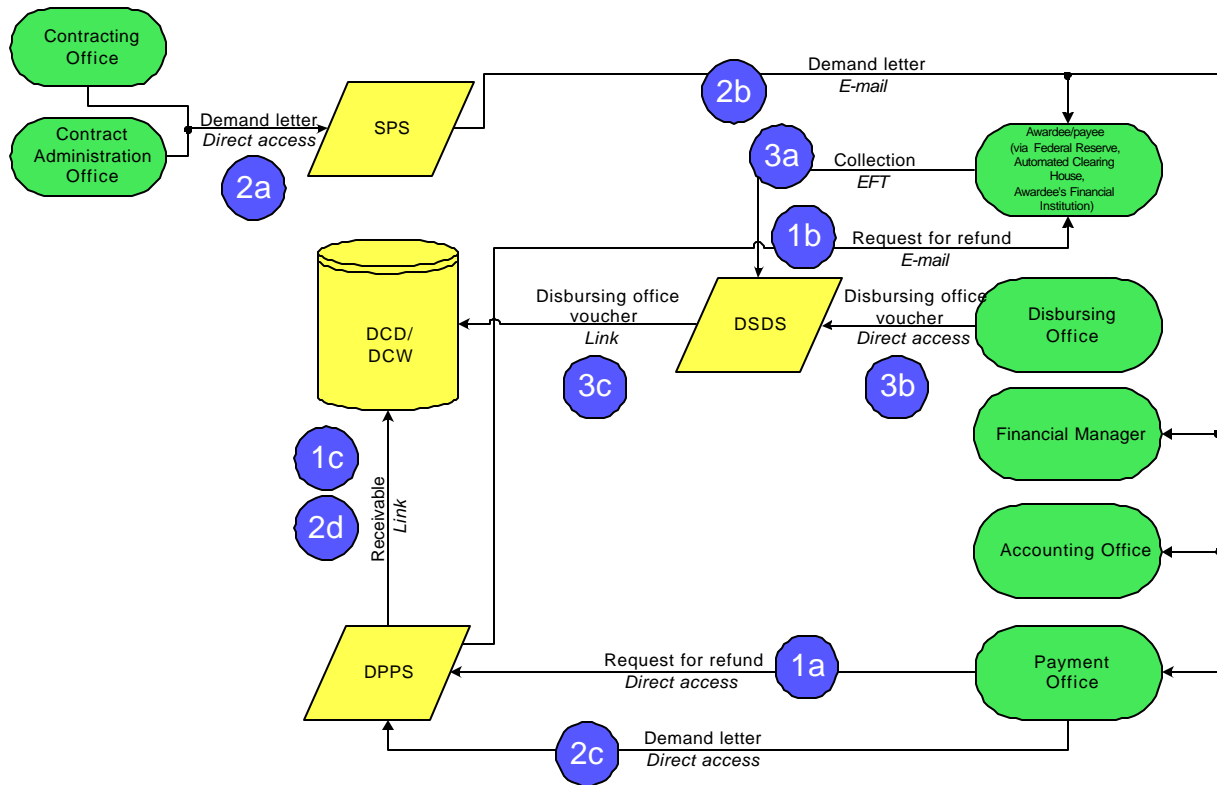
In the interim environment SIRD1, or the applicable legacy disbursement system, will be used as the disbursing system to accomplish DPPS payments and collections with an interface from and to the DCD. The official obligation will reside in the DPPS/DCD. Pre-validation will be accomplished automatically since the contract and obligation amounts will be the same in DPPS and DCD which was arrived from a single source data input. Additionally, where Foreign Military Sales (FMS) is involved, the request for Expenditure Authority (EA) will originate from DPPS and will be transmitted via API to the DCD for validation against the Defense Integrated Financial System (DIFS) EA Table. The DCD will send the transmission back to DPPS for entitlement processing.

#### 6.18 Payment History Transaction

Payment History data is populated via DSDS (or SIRD1 or applicable legacy disbursing system in the interim environment) in the DCD where the disbursement is

established/updated. Applicable data is read/passed via API to DPPS for population of payment history and disbursement. Upon acceptance of the transaction processing in DCD and DPPS, the complete transaction will be moved to DCW and Staging Table(s) (i.e., RfP and Pay History) in DCD will be cleared. Disbursement information will be transmitted from DCD via FTP to the accounting system.

**Figure 26. Claims Receivable Process**



## 6.19 Claims Receivable Process

The Request for Refund/Demand Letter and Collection process involves:

- 1) The Payment Office creates a request for refund by directly accessing DPPS; DPPS e-mails a request for refund to the awardee/payee; and DCD/DCW links to DPPS to create a receivable, or
- 2) The CAO or CO inputs a demand letter into SPS and e-mails the demand letter to the awardee/payee, FM, AO, Payment Office; the Payment Office then directly accesses DPPS to input demand letter; and DCD/DCW links to DPPS to create a receivable, then
- 3) Based on a request for refund/demand letter, the awardee/payee forwards the collection to DSDS via EFT; the Disbursing Office directly accesses DSDS to create a disbursing office voucher; and DCD/DCW links to DSDS to get the disbursing office voucher.

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Some common conditions that require the creation of a Claims Receivable:

- Contract modifications that reduce quantity or prices after payment
- Credit Memo from a Vendor
- Reconciliation Adjustment
- Retroactive Recoupment Adjustment
- Contracting Officer/Government Representative requests to create a Receivable (e.g., Demand Letter)
- Corrected acceptance document received after payment

After establishing a Claims Receivable for any one of these conditions, awardee/payee is notified and DPPS transmits the transaction via API to the DCD for the establishment of the receivable. Receivable transactions will be transmitted from DCD to the applicable accounting system.

DPPS will send out the demand letter with a 30-day follow-up. The awardee/payee then forwards the collection to the Disbursing office where after processing, the receivable is liquidated in the DCD, and the collection is transmitted to the applicable accounting system from DCD. The collection transaction is also passed from DCD to DPPS for updating.<sup>10</sup>

## 6.20 Accounts Payable Write Off Process

A payable is eligible for write-off when an invoice, after a given period of time, is not received following the receipt of the goods or services. DPPS will submit a request for an accounts payable write-off to the DCD via an API transaction. The DCD will notify the procurement community, as well as the applicable accounting station, which will be responsible for entering the accounts payable write-off entry into the DCD. Once accounting has entered this transaction, the DCD will return a confirmation indicator to DPPS. Procurement will submit an associated de-obligation of funds transaction to the DCD, which in turn will be passed to DPPS. DPPS will record the de-obligation transaction and remove those funds remaining.

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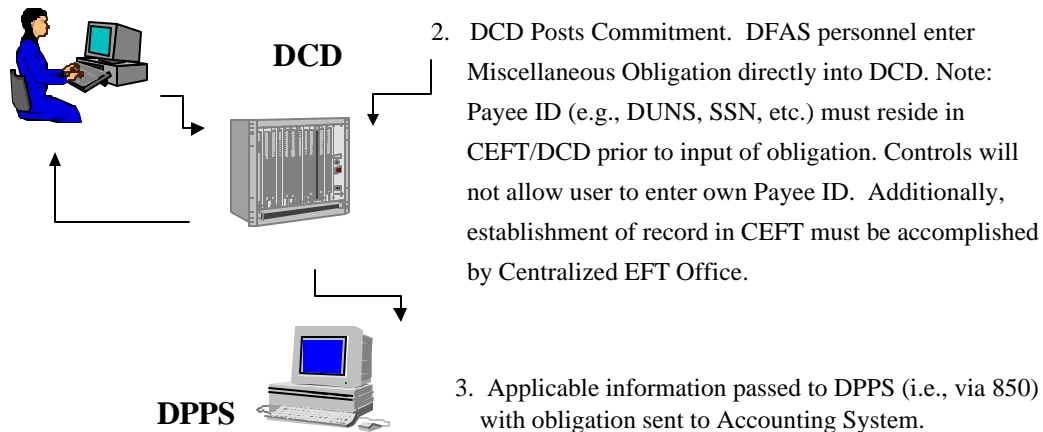
<sup>10</sup> Collections for Plant Clearance and collections of rent under “L” type contract will not be handled in the DoD Procurement Payment System (DPPS). These contracts will be routed by DCD to an accounts receivable office at DFAS Columbus.

**Figure 27. Miscellaneous Obligations and Miscellaneous Payment Requests**

## ***Miscellaneous Obligation Process***

1. Miscellaneous Commitments (to include those for Purchase Card/Powertrack) entered into Accounting System (bulk commitment may be used). Commitment(s) transmitted to DCD. Documentation, where required, is sent to applicable DFAS office.

### **Accounting System**



### 6.21 Miscellaneous Obligations and Miscellaneous Payment Requests

Miscellaneous Obligations/Payments are defined as all transactions not processed through a procurement office involving an SF26 (Contract Award), SF33 (Solicitation/Award), DD 1556 (Purchases of Training), SF1449 and DD1155 (Small Purchase Awards).

Some examples of these types of transactions include utilities, miscellaneous reimbursements, grants and cooperative agreements. This process excludes Purchase Card, Powertrack, and DTS CBA transactions.

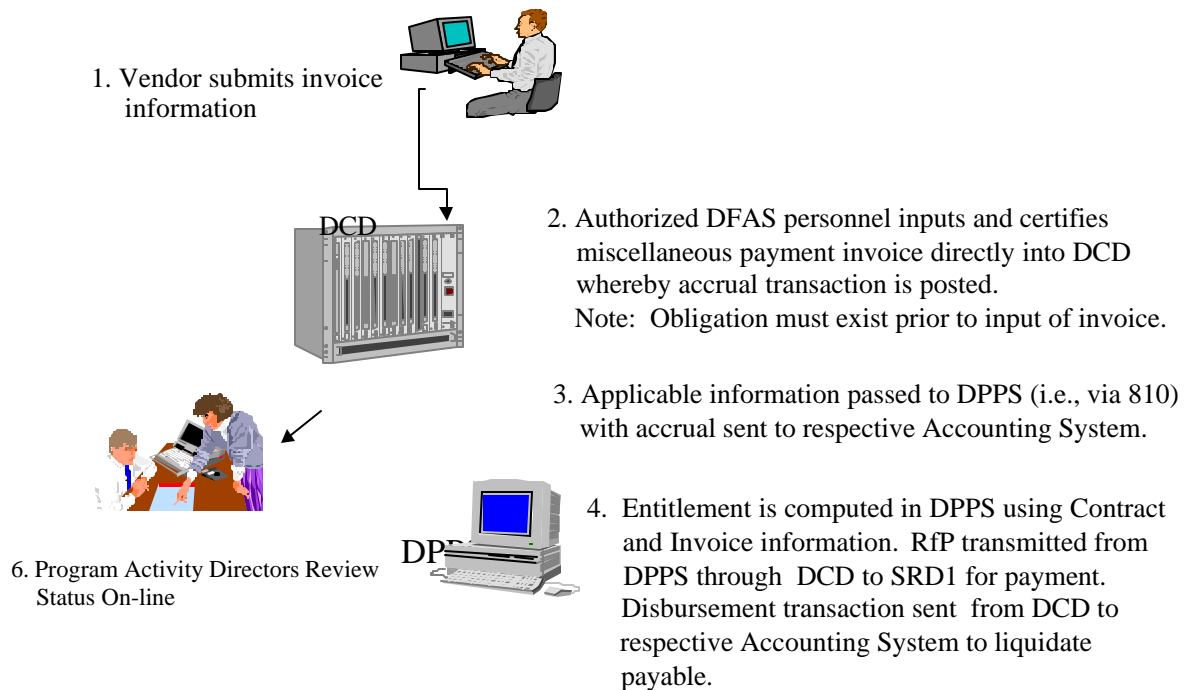
The commitment transaction is transmitted via FTP (or input directly) to the DCD where Global Edit Table (GET)/Standard Fiscal Code (SFC) crosswalks/data conversion and applicable edits/validations are performed. Upon passing necessary edits, the commitment is established/updated in the DCD. The concept of bulk commitment may be employed.

Where the commitment is not received prior to establish of miscellaneous obligation, the user will have the option to either have the respective accounting system transmit the commitment transaction or enter the commitment directly into DCD with subsequent input of obligation transaction (i.e., concept of simultaneous commitment/obligation).

There is only one LOA per Miscellaneous Commitment Number (CIN). Multiple appropriations against a single Line Number are not permitted. If necessary, a suffix/line number (6 positions) will be used. This same business rule is employed for Miscellaneous Obligation Numbers.

**Figure 28. Miscellaneous Invoice Process**

## ***Miscellaneous Invoice Process***



Miscellaneous Obligation and/or Miscellaneous Invoices are input directly into the DCD via applicable personnel. The steps are as follows:

Input (i.e., selection from List of Values) of Payee ID (e.g., DUNS, CAGE Code, SSN) is required. If the Payee ID is not found, the miscellaneous obligation cannot be entered. The applicable office (e.g., Centralized EFT Office) must add the payee to CEFT/DCD. The user cannot cite their own Payee ID. The user then selects, from a List of Values, the CIN, and which obligation is to be applied. The user may only view/select commitment numbers associated with their System/Site Code(s). Additional information required for the obligation (e.g., quantity, unit price, unit if issue) is then appended to the transaction.

Where the commitment is not received prior to establishment of the miscellaneous obligation, the user will have the option to either have the respective accounting system transmit the commitment transaction or enter the commitment directly into DCD with



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subsequent input of obligation transaction (i.e., concept of simultaneous commitment/obligation). On-line SFC crosswalks, edits, and validations will be used.

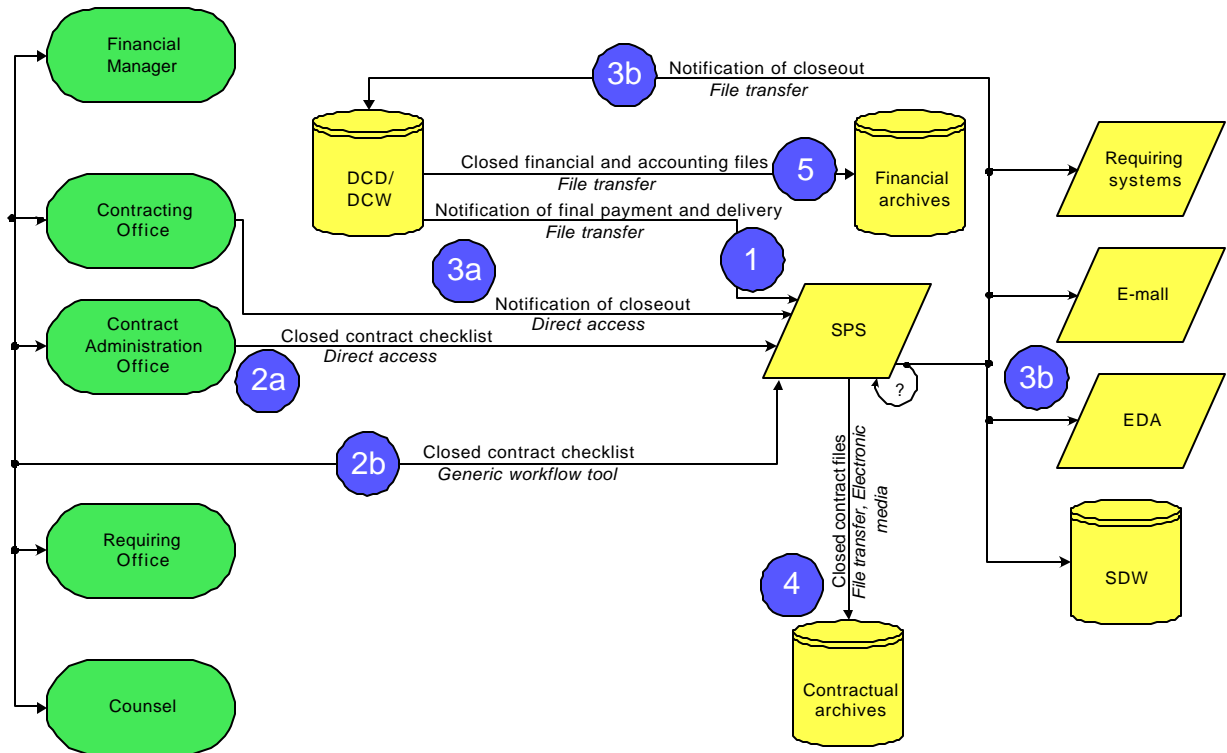
Upon completion of the entry, the obligation will be posted in DCD and passed to DPPS via an [EDI 850](#) transaction. PIIN will be populated with Miscellaneous Obligation Number. SPIIN will be populated with System/Site Code assigned to user. If the same Miscellaneous Obligation Number is used each month to process miscellaneous payments, subsequent obligations will be assigned Modification Number (DCD generated) for transmission to DPPS via an [EDI 860](#) transaction. The obligation is transmitted from DCD to the applicable accounting system. Input of a miscellaneous invoice begins by selecting the miscellaneous Obligation Number from List in DCD. The invoice amount cannot exceed amount of obligation. After input, a different user will require the certification/ approval of the invoice.

Upon completion of certification/ approval, accrual (i.e., accounts payable) will be posted in DCD and invoice will be passed to DPPS via [EDI 810C](#) transaction. The accrual is transmitted from DCD to applicable accounting system. DPPS completes the entitlement and transmits a Request for Payment through DCD to disbursing system for payment. Upon completion of disbursement, pay history information is updated in DCD and DPPS, and disbursement is transmitted from DCD to applicable accounting system.

## 6.22 1081 Process Correction

The DCD will be the control point for the processing of all 1081 adjustments. All 1081 transactions that are initiated to correct data resident in DCD, originating from SPS or DPPS will be corrected in the DCD. This process will be used to move a disbursement transaction from on PIIN/SPIIN, CLIN/SLIN/ACRN to another when disbursements have been processed in error. Before a disbursement can be moved, the accrual/accounts payable will have to be present on the line item. This may require processing of a corrected Receipt Acceptance transaction prior to processing of the 1081 transaction. Upon completion of the 1081 transaction process in the DCD, applicable transactions will be passed via API to DPPS and the adjustment will be transmitted to the applicable accounting system for update.

**Figure 29. Contract Close Out (EDI 567) transaction**



### 6.23 Contract Close Out (EDI 567) transaction

Contract Closeout involves:

- 1) DCD/DCW file transfers the notification of final payment and delivery to SPS
- 2) The CAO directly accesses SPS to input the closed contract checklist
- 3) The CO directly accesses SPS to input notification of closeout; SPS file transfers notification of closeout to other SPS applications via an unknown mechanism, DCD/DCW, Requiring systems, E-mail, EDA and Shared Data Warehouse (SDW)
- 4) SPS routes closed contract files to contractual archives via file transfer or electronic media
- 5) DCD/DCW routes closed financial and accounting files to the financial archives via file transfer.

For non-Defense Contract Management Agency (DCMA) administered contracts the excess funds will be automatically de-obligated. For DCMA contracts the excess funds will be de-obligated based upon receipt of an EDI 567 transaction from the Standard Procurement System (SPS). If the contract has to be reopened, funds will automatically be re-obligated up to the amount that was previously de-obligated provided the commitment funds are available.

Contract closeout is ensuring that the awardees have completed all the terms and conditions of the contract both physically and fiscally.

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When DPPS determines that a contract is eligible for financial closure, they will transmit to DCD via API a request for contract close out. DCD will then transmit via DEBX an EDI 567 transaction (Notification of Final Payment and Delivery) to SPS. Note: Where contract is non DCMA administered, an EDI 567 transaction will not be sent to SPS. The de-obligation will be accomplished in DCD based on API received from DPPS and a financial EDI 860 transaction will be returned to DPPS).

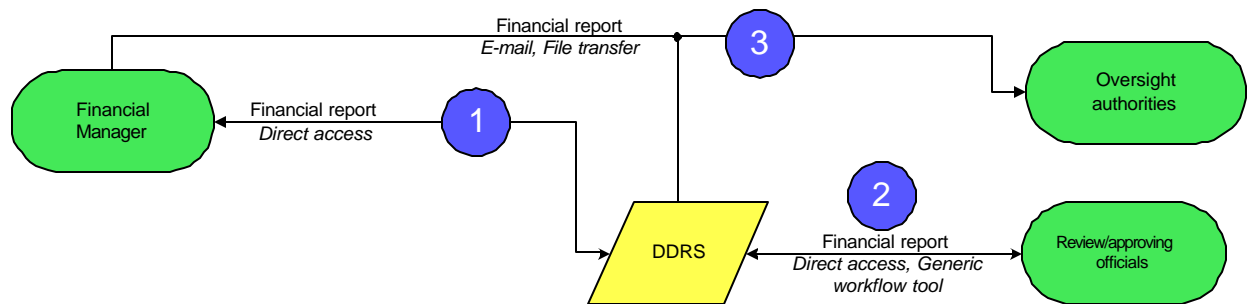
Where required, SPS will utilize the WAWF to route request for contract close-out to applicable parties (e.g., CO, CAO) who upon approval, will append data to an EDI 567 transaction (now Notification of Contract Closeout) and transmit via DEBX back to DCD. In the event of remaining funds, it is anticipated that the fund holder will contact the contracting office to initiate an EDI 860 modification de-obligating funds at the CLIN level. However, if not received and excess funds are present, they will be de-obligated in the DCD with the applicable EDI 860 transaction sent to DPPS.

Required transactions to effect closeout of accounting records, e.g., de-obligation, will be transmitted from DCD via FTP to accounting system. Upon completion of transaction processing in DCD, the DCW will route closed financial and accounting files to the financial archives via file transfer.

#### 6.24 Official Accounting Record

The detail record for obligations, accruals, disbursements residing in DCD/DPPS for payment, is considered to be the official record for posting to the accounting system. When an accounting system is reengineered to the DCD, the Standard General Ledger (SGL) for all associated accounting events will be posted in the DCD based on source transactions. To maintain integrity of the official accounting record in the DCD, all adjustments will be made via a SF 1081's.

**Figure 30. Financial Reporting**



### 6.25 Financial Reporting

Financial reporting involves:

- 1) The FM directly accesses DDRS to create a financial report
- 2) The Review/approving officials retrieve/comment on the financial report via generic workflow tool or by directly accessing DDRS
- 3) The FM or DDRS e-mails or file transfers the financial report to oversight authorities.

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## **APPENDIX A**

### **Business Rules**

- 1) Vendors that will do business with the DoD will become registered in the Central Contractor Registration (CCR) unless exempted by the DFARS to provide a single source of information. Procurement will provide remit-to data on the contract and the 850 transaction for those exemptions.
- 2) Commitment accounting will be required. A commitment will be recorded in the accounting system prior to recording the obligation. The Commitment Identification Number (CIN) (e.g., Purchase Request, Purchase Requisition Number, etc.) is a unique number associated with a specific Line of Accounting (LOA) used to record and track a commitment in the accounting system. It may be transmitted as a single number or as a number plus a suffix, not to exceed 30 characters in length.
- 3) The CIN must be cited on the contract at the CLIN/CLIN/ELIN level with associated obligation amounts.
- 4) The process of executing a legal, binding agreement obligating funds shall not be taken until funds are certified as available, unless otherwise authorized by law.
- 5) Obligations shall be recorded in the accounting system at CLIN/SLIN/ELIN level and mapped back to the purchase requisition line item level or the commitment identification number (CIN) or summarized by the funding source at the PR level as designated by the applicable funds manager.
- 6) Deleted.
- 7) Deleted.
- 8) The activities responsible for inspection and acceptance must be designated in the contract; the designated activities are responsible for reporting inspection and acceptance.
- 9) A CLIN, SLIN, ELIN/SELIN to include informational contract sub-line items for non-severable items, shall relate to one Line of Accounting (LOA). There may be more than one purchase requisition or commitment identification number (CIN) related to the same LOA. But there can never be more than one LOA associated with a single CIN. Each CIN will have an associated dollar amount. CLIN/SLIN/ELIN/SELIN, Contract ACRN, CIN, and obligating amount will be captured as discrete data elements and passed to the DCD.
- 10) Combined with 9.
- 11) Deleted.

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- 12) The CLIN and currency cannot be changed following payment (including financing payments) against a CLIN. The unit of measure cannot be changed following an invoice payment (i.e., payment for a delivery of items or services). Currency means the type of currency, i.e., British pounds versus US dollars. Payment is defined as entitlement sent to the DCD. If a change is required to the CLIN or currency after any payment is made or to the unit of measure after an invoice payment has been made, a new CLIN is required and the remaining balance on the original CLIN must be deobligated.
- 13) Delivery Orders will be treated as individual contracts in the Defense Finance and Accounting Service (DFAS) Corporate Database (DCD)/Defense Procurement Payment System (DPPS). DPPS will submit the payment based on remittance information obtained from the Central Contractor Registration (CCR). There are exemptions to registration in the CCR as stated in the DFARS. For exemptions to registration and in the event of a Notice Of Assignment (NOA), the information for the remittance data will be included in Schedule/Section G of the contract by the contracting officer. DPPS will accommodate multiple remit-to-addresses. But until the functionality is available in DPPS, contracts with multiple vendors will be continued to be paid out of the existing legacy systems.
- 14) All contract modifications that adjust price and obligation must cite specific CLIN/SLIN/ELIN. Any adjustments to price and obligation amounts will be CLIN specific, determined by the Contracting Officer. Lump sum adjustments will not be allowed. CLINs cannot have a negative unit price or negative extended value. DPPS will require a CLIN and an associated dollar amount to be associated with every entitlement. All entitlement data, receipt data and payment request to DPPS will flow through the DCD and the DCD edits/validations will require a CLIN to pass to the DPPS.
- 15) Miscellaneous charges are defined as miscellaneous charges reimbursable to the vendor and include items such as freight and taxes. They may be unfunded or unpriced at time of award but will be modified to include funding and pricing information prior to submission of invoice. All miscellaneous charges will have a CLIN, dollar amount, Accounting Classification Reference Number (ACRN), Line of Accounting (LOA) and CIN. Unit of measure (lot), quantity, unit price and extended price will be captured at the CLIN level. Miscellaneous charges, with the exception of transportation, may be grouped into one CLIN, provided charges are funded with the same LOA. If needed, a request for additional funds will be required. Miscellaneous charges will not be paid until funds have been established.
- 16) The Contracting Official shall identify excess at the Contract Line Item level.
- 17) Deleted.
- 18) Deleted.

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- 19) Deleted.
- 20) Deleted.
- 21) Deleted.
- 22) Deleted.
- 23) An acceptance request functioning as an invoice and receiving report accepted by the responsible Government Official results in an accepted payment request being sent to DFAS; thereby eliminating the need for a separate invoice document to be sent in addition to the acceptance document.
- 24) Contracting Officer approved US progress payments based on costs will be prorated across the fixed price line items on the contract. All other line items on the contract will require payment instructions from the contracting officer. In absence of payment instruction, proration will be made across available unliquidated obligations.
- 25) Combined with Business Rule #24
- 26) There will be a new single disbursing station symbol number (DSSN) for all DoD Contract Pay. The new DSSN will be issued from the Army network. SRD1 will produce the SF1219 and the DFAS Corporate Database (DCD) will produce a consolidated Statement of Transactions (SOT) for transmission to Treasury. The current DSSNs that support the vendor pay operations today will continue to be used until those legacy systems migrate to DPPS. There will be new DODAAC payment office codes established for the Defense Procurement Payment System (DPPS).
- 27) Deleted
- 28) The detail record for obligations, accruals, disbursements residing in the DCD/DPPS for contract vendor pay is considered to be the official record for posting to the accounting system. All accounting adjustments against these records, with the exception of commitment, must be accomplished in the DCD with subsequent transmission to applicable accounting system.
- 29) The CIN must be cited on Cooperative Agreements and Grants with associated obligation amounts.

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## **APPENDIX B**

### **Consolidated Business Rules**

Additional Initiatives that are outside of the body of this Concept of Operations

#### **Purchase Card Rebates**

The concept of operations dated Dec 1998 defines the purchase card process and is the concept that we will operate under. There will be no partial payments. Any 810 received with an invalid line of accounting (LOA) will be rejected in its entirety. Rebates will be received by check with accompanying detail to include line of accounting (LOA) for recording and preparation of DD 1131. As a future enhancement, requirements are currently being developed to provide for an electronic posting of rebates as apart of an EDI 820 electronic funds transfer.

#### **Power Track**

The customer will be required to record the commitment either at the bulk level or individual level. The customer will ensure that the commitment identification number (CIN) that is passed to the DoD accounting system to record the commitment will be the identical number placed on the order and sent to the transportation office. The transportation office will ensure that the CIN on the order is perpetuated into the EDI 858. When the DCD receives an invalid line of accounting (LOA) on the 810 EDI transaction, the DCD will process the invoice using an alternate LOA that has been assigned by the sponsoring DoD component.

#### **1099 Tax Reporting**

A tax reporting process is being developed to uniformly satisfy IRS requirements and to consolidate all 1099 reporting. Initially, the process will handle all Purchase Card 1099-MISC tax reporting within the DoD and eventually will include conventional contract service payment reporting from the Defense Procurement Payment System (DPPS).

#### **Local Clauses, Payment Instructions and Notice of Assignment**

Local clauses, payment instructions are still being discussed.



**APPENDIX C**  
**Examples of CIN, CLIN, SLIN, and ACRN Relationships**

**Example 1: Assumption: Two contracts/same CIN**

<b>CIN:</b>		<b>Commitment Amt</b>		
W22PEQ11116666		\$200		
<b>Contract Number:</b>			<b>CLIN/SLIN/ACRN</b>	<b>Obligation Amt</b>
DABT2399M1111 W22PEQ11116666	0001	\$100	0001/ BC	\$100
DABT2399M2222 W22PEQ11116666	0001	\$100	0001/AD	\$100

**Example 2: Assumption: One CIN/ one contract/multiple items**

<b>CIN:</b>		<b>Commitment Amt</b>		
W22PEQ88887676		\$800		
<b>Contract Number:</b>			<b>CLIN/SLIN/ACRN</b>	<b>Obligation Amt</b>
DABT2399F8989 W22PEQ88887676	0001	\$300	0001/BB	\$300
DABT2399F8989 W22PEQ88887676	0002	\$500	0002/BB	\$500

**Example 3: Assumption: Each CIN is a different LOA**

<b>CIN:</b>		<b>Commitment Amt</b>		
W22PEQ44448787		\$500		
W22PEQ66668771		\$400		
<b>Contract Number:</b>			<b>CLIN/SLIN/ACRN</b>	<b>Obligation Amt</b>
DABT2399F3333 W22PEQ44448787	0001	\$100	0001 000101/JJ	\$500 \$100
DABT2399F3333 W22PEQ66668771	0001	\$400	000102/HH	\$400
DABT2399M4444 W22PEQ44448787	0001	\$400	0001/JJ	\$400

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## **Appendix D**

### **EDI Transaction Sets**

[567 Contract Closeout](#)

[810C Commercial Invoice Data Element Requirements](#)

[810P Progress Payment](#)

[810R Certified Invoice](#)

[810T Travel Invoice](#)

[810V Public Voucher](#)

[814 Commitment](#)

[820 EDI Transaction Set](#)

[821 Financial Information](#)

[824 Transaction Set](#)

[850 Transaction Set - ASC X12 003050 Award Instrument](#)

[856 Transaction Set](#)

[858 EDI Transaction Set](#)

[860 Modification - ASC X12 003050](#)

[861 Transaction Set](#)

## APPENDIX E

### Acronyms

Acronym	Description
ACRN	Accounting Classification Reference Number
AIS	Automated Information System
AO	Accounting Office
API	Application Program Interface
APMS	DFAS Accounting Program Management Study
BACC	Budget And Accounting Classification Code
CAGE Code	Contractor and Government Entity Code
CAO	Contract Administration Office
CBDN	Commerce Business Daily Network
CCB	Configuration Control Board
CCR	Central Contractor Registration Record
CEFT	Corporate EFT
CIN	Commitment Identification Number
CLIN	Contract Line Item Number
CO	Contracting Office
CONOPS	Concept Of Operations
DAAS	Defense Automatic Addressing System
DCAA	Defense Contract Audit Agency
DCD	DFAS Corporate Database
DCII	DFAS Corporate Information Infrastructure
DCMA	Defense Contract Management Association
DCW	DFAS Corporate Warehouse
DDRS	Defense Departmental Reporting System
DEBX	Defense Electronic Business Exchange
DFAR	Defense Federal Acquisition Regulation
DFAS	Defense Finance And Accounting Service
DIFS	Defense Integrated Financial System for Foreign Military Sales
DIFS-R	Defense Integrated Financial System for Foreign Military Sales - Reengineered
DO	Disbursing Office
DoD	Department Of Defense
DODAAC	DoD Activity Addressing Code
DPPS	Defense Procurement Payment System
DSCA	Defense Security Cooperation Agency
DSDS	Defense Standard Disbursing System
DSSN	Disbursing Symbol Station Number
DTS	Defense Travel System
DUNS	Dun & Bradstreet Data Universal Numbering System
E2E	End-To-End
EA	Expenditure Authority
EDA	Electronic Document/Data Access
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
ELIN	Exhibit Line Item Number
FAR	Federal Acquisition Regulation

Acronym	Description
FFMR	Federal Financial Management Requirements
FM	Financial Manager
FMS	Financial Management System
FTP	File Transfer Protocol
GET	Global Edit Table
GOALS	(Treasury Agency Location Code)
ID	Identification
J CONOPS	Joint Concept Of Operations
LOA	Line Of Accounting
MILSCAP	Military Standard Contract Administration Procedures
NSOA	Non-Standard Operational Area (Also -- Non-Standard Area (NSA))
OLAP	On-Line Analytical Processing
OSD	Office of the Secretary of Defense
PC	Paperless Contracting
PIIN	Procurement Instrument Identification Number
PO	Payment Office
PPAIS	Past Performance Automated Information System
PR	Purchase Requisition
RA	Receiving Activity
RfP	Request for Payment
RO	Requiring Office
SDW	Shared Data Warehouse
SELIN	Sub-Exhibit Line Item Number
SFC	Standard Fiscal Code
SGL	Standard General Ledger
SIS	Supplier Information System
SLIN	Contract Subline Item Number
SOT	Statement Of Transactions
SPIIN	Supplemental Procurement Instrument Identification Number
SPS	Standard Procurement System
SSN	Social Security Number
TIN	Tax Identification Number
UDF	User Defined Format
ULO	Unliquidated Obligation
US	United States
WAWF	Wide Area Workflow
www	World Wide Web